

NATIONAL POLICY ON CONSTRUCTION

Formulated by the National Advisory Council on Construction

Under the provisions of the

Construction Industry Development Act No.33 of 2014

Implemented by the Ministry of Housing & Construction and

Construction Industry Development Authority



NATIONAL POLICY ON CONSTRUCTION AND ITS IMPLEMENTATION

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1.0 INTRODUCTION

1.1 Construction Industry is a major contributor to the National Economy and a major driver of employment creation. The development of the Construction Industry will create a multiplier effect in the national development process, owing to its forward and backward linkages, leading to sustained National Economic Growth.

There is therefore a need for a National Policy on Construction, envisioning its sustainable growth, based on a holistic approach

1.2 The Construction Industry Development Act No.33 of 2014 enacted on the 29th of December 2014 has made provisions for the establishment of the National Advisory Council on Construction to advise on the protection and development of the Construction Industry. This Council is empowered under the Act, to formulate a National Policy on Construction, comprising of matters relating to the Construction Industry and its goals.

1.3 The policy is aimed at creating an efficient Construction Industry in Sri Lanka serving the national development needs through regulation, standardization, capacity building and facilitation.

1.4 The Policy will apply to the Construction Industry in general, involving the public sector and the private sector. The key roles and responsibilities of the different sectors of the industry and the line Ministries are identified. Their operating background and their respective policies are harmonized with this policy to ensure complementarity.

1.5 Considering its role in the national economy, with its span of influence in the various sub sectors of the economy, the various processes involved in its operations and the many stakeholders who participate in its activities, a complex interactive matrix emerges to represent the National Construction Industry. Any national policy has to address all issues impacting on this complex matrix.

1.6 The Policy presented by Minister in charge of the subject of construction, with the recommendation of the National Advisory Council on Construction becomes effective upon obtaining the approval of the Cabinet of Ministers.

1.7 This National Policy for Construction is formulated in terms of the provisions of Subsection 2 (1) of the Construction Industry Development Act No.33 of 2014.

2.0 REVIEW OF THE CONTEXT AND THE BACKGROUND

2.1 This policy initiatives include:

- i. Support for human resource development
- ii. Targeting of the construction sector for employment generation, poverty alleviation and social upliftment
- iii. Ensuring the availability of materials, plant and equipment through the growth of the local materials and related industries, and through liberalized trade
- iv. Creating an enabling regulatory framework
- v. Enabling fair competition for Government contracts through the establishment of clear procurement guidelines and regulations
- vi. Establishing National Registers for Stakeholders by Construction Industry Development Authority (CIDA)
- vii. Creating an attractive investment climate for infrastructure development including private capital and foreign direct investment

2.2 The guiding principles used for structuring the policy for the construction industry are to:

- i. Facilitate strategic national development objectives
- ii. Facilitate and advance public and private sector partnerships
- iii. Ensure adequate co-ordination through appropriate institutional arrangements
- iv. Enable effective monitoring and evaluation of industry performance
- v. Ensure compliance and adherence to established guidelines, codes of practices and standards
- vi. Ensure minimizing negative environmental impacts and achieving sustainable development
- vii. Enhance the competitiveness and transparency in the procurement process
- viii. Create the social and economic environment that will facilitate private sector Investments and entrepreneurship
- ix. Establish the functions and priorities of government in relation to the national construction industry
- x. Promote training standards to elevate industry personnel to international certification levels
- xi. Promote technology transfer to local construction industry from foreign consultants and contractors engaged on projects in Sri Lanka
- xii. Promote export of construction industry related services

2.3 The Policy Context

The Policy will apply to the construction industry in general, involving the public sector and the private sector. The key roles and responsibilities of the Ministries in the operating background are indicated as follows. The Policy will harmonize actions with these Ministries to ensure synergy in the respective operations.

Public Sector -The key roles and responsibilities of the Ministries in relation to the National Construction Policy and implementation mechanism are:

- i. The Ministry responsible for the subject of construction will coordinate with other relevant ministries to implement the policy, develop guidelines and establish mechanisms for monitoring the achievement of the objectives
- ii. The Ministry responsible for the subject of Finance will be responsible for policies on procurement and other related financial and economic policies
- iii. The Ministries responsible for the subject of land, physical planning and the environment will be responsible for such physical planning and environmental policies
- iv. The Ministry responsible for the subject of labour will be responsible for labour laws and related policies
- v. The Ministries responsible for the subject of education, higher education, skill development and vocational training will be responsible for policies related to human resources development
- vi. The Ministries responsible for the subject of urban development, housing, water supply and sewerage will be responsible for related policies and standards
- vii. Ministries responsible for the subject of power, energy and telecommunication will be responsible for related policies and standards
- viii. Ministries responsible for the subject of transport, highways, ports and airports will be responsible for related policies and standards
- ix. Ministries responsible for the subject of coast conservation, irrigation, land drainage and flood control will be responsible for related policies and standards
- x. Ministries responsible for the subject of Disaster Management will be responsible for related policies and standards.

2.4 Legal Context

The Construction Industry Development Act No.33 of 2014 provides for the establishment of the National Advisory Council on Construction. The Act stipulates that the Council shall formulate the National Policy on Construction and its Implementation Mechanism.

Such National Policy on Construction shall be promoted and implemented by the Construction Industry Development Authority, which is also established under the provisions of the Act.

2.5 Development Context

Construction industry directly serves the needs of many sub sectors of the economy. The contribution by these sub sectors to the economy is clearly felt when the construction industry is efficient, cost effective and delivers on time. The construction Industry has a range of operational processes from project formulation to operations and maintenance of finished facilities. Technology-wise it has to accommodate indigenous systems to modern state of the art methods. It includes activities undertaken by individuals, and those executed on contract by large scale organizations of government and private sector

2.6 Role in the Economy

The Construction Industry plays a vital role in the National Economy, contributing a substantial percentage to the National Gross Domestic Product, creating major employment opportunities in the industrial sector.

The National Development process is stimulated by the Construction Industry in many facets. This is by reason of the forward and backward linkage of the Industry which would lead to a sustained growth in the National Economy.

2.7 Key Stakeholders

The partners of the construction industry consist of a range of stakeholders. There is the investor or developer who generates work. These works are formulated and designed by the specialized professional groups such as planners, architects, engineers, quantity surveyors, project managers, and financial consultants.

The contractors, construction material manufacturers & suppliers and construction equipment suppliers & hirers, and the craftsmen contribute in the physical facilities.

The policy makers, regulators of standards, academic, testing and training organizations, professional bodies and research organizations play their respective roles.

Thus a complex interactive matrix emerges to represent the construction industry. Any National policy has to address all issues impacting on this complex matrix.

3.0 POLICY ELEMENTS

3.1 Vision Statement

A policy vision of achieving an efficient construction industry in Sri Lanka, serving the national economic development needs through regulation and standardization to levels that are in par with global standards, has been adopted.

3.2 Policy Objectives

The Policy Objectives includes, providing strategic leadership to all stakeholders, of the construction industry, stimulate sustainable growth, reforms and improvement, promote energy efficient and environment friendly technology, building materials and systems, promote appropriate research and dissemination and publication of research work, formulate standards and codes of conduct and practices, and promotion of the export of construction services.

3.3 Policy Goals

The Policy Goals shall target the following matters. Regulation and standardization of activities of the Construction Industry, registration of stakeholders, measures for improvement and the wellbeing of the industry related enterprises and workers, facilitating cheaper and faster settlement of disputes and ensuring public safety and health in construction work.

4.0 THE NATIONAL POLICY ON CONSTRUCTION (NPC)

4.1 Public Sector Responsibilities and Implementation Mechanism

NPC 1- Provide strategic leadership to the stakeholders of the construction industry to stimulate sustainable growth, reforms and improvement of the construction sector

Implementation Mechanism:

The National Advisory Council on Construction and the Construction Industry Development Authority will engage with key Cabinet Ministries and other Public and the Private Sector organizations involved with construction, infrastructure delivery and financing, to ensure a coordinated approach at policy level

NPC 2- Regulate and monitor the activities of all stakeholders of the construction industry as may be prescribed from time to time

Implementation Mechanism:

The Construction Industry Development Authority in consultation with the relevant public sector agencies and professional bodies will:-

- i. review and update guidelines and implement a registration and a monitoring system for all stakeholders.*
- ii. ensure the uniform application of the standard bidding documents and such other guidelines and publications among the public and private sectors*
- iii. ensure effective and expeditious resolution of construction related disputes, by establishing and promoting the alternate dispute resolution methods and necessary legislation.*

NPC 3 - Promote sustainable economical growth of the construction industry with special attention to the design and development of disaster resilient, energy efficient and environmentally sustainable buildings, structures and construction practices

Implementation Mechanism

Ministries responsible for the subjects of Construction, Disaster Management, Power and Energy and Environment will collaborate to establish norms and guidelines in consultation with the relevant professional bodies, research organizations and the universities to formulate disaster resilient, energy efficient and environmentally sustainable construction practices

NPC 4 - Promote innovation, research, dissemination and publication of research work on matters relating to the construction industry and its development.

Implementation Mechanism:

Construction Industry Development Authority will encourage research and development in materials, building and construction technology through collaboration among large industry players, the universities and other institutions, international organizations, government entities and NGOs and in the area of “Geotechnical Investigations and Designs” specifically through National Building Research Organization.

NPC 5 - Establish national standards and specifications for the construction Industry

Implementation Mechanism:

Construction Industry Development Authority will formulate, in consultation with Sri Lanka Standards Institution, National Building Research Organization, and other relevant authorities, standards and national quality specifications applicable to Construction Industry, including standards for Product Conformity of Construction Materials and categorize such standards and specifications as compulsory or voluntary.

NPC 6 - Establish codes of conduct, practices, procedures, processes and documentations to promote good practices relating to construction industry

Implementation Mechanism:

The Construction Industry Development Authority in consultation with all stakeholders and professional bodies including trade guilds will develop appropriate codes of conduct and acceptable practices. Appropriate sanctions where applicable will also be included in the process against defaults.

NPC 7 - Enhance human capital, professionalism, efficiency and productivity of the human resource of the construction industry

Implementation Mechanism:

Construction Ministry in collaboration with the ministries responsible for education & vocational training, and in consultation with all Professional Bodies will:

- i. *prepare programmes to cater to manpower shortages in the industry,*
- ii. *improve the quality of performance of professionals, technical officers and tradesmen,*
- iii. *promoting the use of IT in the industry*
- iv. *recognition and image building of industry personnel and*
- v. *encourage good practices and standards through codes of conduct.*

These HRD initiatives will be implemented with the objective of:

- a. *Affording opportunity for women in industry occupations*
- b. *Providing opportunities for 'Special Needs' groups*
- c. *Ensure proper remuneration for workers*
- d. *Recognition and image building of industry personnel*
- e. *Facilitating the development of skilled labour and the training of the industry's unskilled workforce in a systematic manner and regulating the labour sub contracting system*
- f. *Facilitating a system of recognition and certification of skilled and trained workers*
- g. *Facilitating employment of a specified minimum of construction skilled workers with NVQ in the workforce of registered contractors.*
- h. *Promoting accident insurance and retirement benefits to construction workers*

NPC 8 - Enhance occupational safety and health standards and practices in the Construction Industry

Implementation Mechanism:

Construction Industry Development Authority:

- i. *Will ensure health and safety standards for construction personnel*
- ii. *Will facilitate procedures for the preparation and implementation of acceptable site-specific safety management plans or safe work methods in all construction projects.*
- iii. *Will define processes through which construction work will be safe and not injurious to health by encouraging training of personnel in these areas.*

NPC 9 – Enhance the use of Information Technology to improve efficiency and productivity of the construction industry processes

Implementation Mechanism:

Construction Industry Development Authority will identify and promote in association with relevant agencies:

- i. *the use of appropriate IT based systems in planning and designing, estimating and cost control, documentation and communication, project management and contract administration etc. in the construction industry*
- ii. *the greater use of Information Technology for improving efficiency and productivity of the Construction Industry.*
- iii. *the establishment of an industry-wide statistical database in the exercise of this Policy, with information on resources, projects, industry players and linkages to related industries and sectors.*

NPC 10 – Promote access to overseas markets for Construction Companies and personnel

Implementation Mechanism:

Construction Industry Development Authority through the Construction Ministry, in collaboration with the Ministries responsible for External Affairs and Commerce, Sri Lanka Export Development Board and Central Bank of Sri Lanka, shall:

- i. *establish a network to gather information on work opportunities in the targeted countries*
- ii. *create an enabling environment for securing such work for the local industry.*
- iii. *facilitate promotional efforts to secure overseas work for the local industry*

NPC 11 - Create an enabling environment for local and foreign investment in the construction Industry

Implementation Mechanism:

Construction Industry Development Authority in association with the other regulatory authorities and approving agencies will:

- i. *establish reforms that will lead to improvement and acceleration in the approval processes for investments and development projects in the construction industry*
- ii. *facilitate the growth and development of new enterprises and service providers with required potential*
- iii. *establish mechanisms to attract investment in construction and infrastructure development from private sector and foreign direct investment*

NPC 12 – Establish a monitoring and evaluation procedure to ensure compliance of industry practices including disaster resilient construction standards & practices, with the National Construction Policy

Implementation Mechanism:

The Construction Industry Development Authority will:

- i. *establish a monitoring, evaluation and reporting system of construction activities to ensure that they are in compliance with the National Policy on Construction*
- ii. *capture data on the achievements and new enterprise developments.*
- iii. *ensure timely settlement of the contract payments due on construction projects*
- iv. *establish a monitoring, evaluating and reporting system of the adherence of disaster resilient construction practices and structures, the adherence to the regulations and obtaining of Disaster Risk Assessment Reports issued by National Building Research Organization relating to construction projects in hazard - prone areas.*

NPC 13 – Promote domestic participation in foreign funded construction projects implemented by foreign contractors and consultants

Implementation Mechanism:

In situations where construction projects are financed by foreign sources and are required to be executed by foreign consultants and foreign contractors, participation of domestic organizations in the execution of such projects through partnerships, joint-ventures and sub-contracting will be encouraged to ensure technology transfer and capacity building of the domestic construction industry.

The Construction Industry Development Authority will:

- i. *liaise with the ministries of finance, planning and foreign affairs to enable this policy to be included in all fund negotiations.*
- ii. *ensure that the present domestic preference provided in donor funded projects is continued.*

4.2 Industry Responsibilities and Implementation mechanism

Complementing Government responsibilities in the National Construction Policy, the private sector of the industry should see themselves as having responsibility in a number of critical areas, associated with strengthening the industry in cohesiveness, management and performance.

NPC 14 – Encourage private sector participation in policy development

Implementation Mechanism:

- i. *Private sector will be encouraged to actively participate and contribute by recommendations, to the mechanisms established by Government for consultations on policy matters.*
- ii. *Construction Industry Development Authority will set up consultation mechanisms with industry to seek recommendations on policy development, and advice on issues relating to any existing or proposed legislation, which impacts on the industry and ensure their compliance.*

NPC 15 – Encourage effective management of construction projects by the industry

Implementation Mechanism:

Construction Industry Development Authority will encourage all stakeholders to adopt appropriate universally accepted project management practices to achieve efficiency, quality and timely delivery of construction output.

NPC 16 – Establish Codes of Conduct among partners of the industry

Implementation Mechanism:

- i. *Construction Industry Development Authority will coordinate with contractors, consultants, project managers and developers to ensure to draw up and follow codes of conduct and acceptable practices for their groupings through their respective professional bodies*
- ii. *Craftsmen will be encouraged to form trade guilds to enable consultation on trade related matters and set up codes of conduct among respective tradesmen in collaboration with Construction Industry Development Authority.*
- iii. *The industry players will thus develop an industry-wide code of conduct spelling out industry standards with regard to the working relationships among them.*

NPC 17 – Encourage Human Resource Development in the Construction Industry

Implementation Mechanism:

- i. *Construction Industry Development Authority will encourage domestic industry to support the objective of human resource development through appropriate partnering arrangements with Government for expanding the pool of skilled workers.*
- ii. *Promote Industry to offer structured entry-level training such as apprenticeships for craft level*
- iii. *Promote Industry to make available, on-the-job training with or without a payment, to the skilled and semi-skilled trainee craftsmen.*

NPC 18 – Establish appropriate procurement practices in the Construction Industry

Implementation Mechanism:

- i. *Service providers will be encouraged to attain the appropriate accreditation and registration to enable them to submit tenders for government and private contracts.*
- ii. *Industry partners will be encouraged to improve fair competition and tender practices*
- iii. *Industry partners will cooperate with the monitoring mechanisms established for identifying defaulting companies for suitable action*

5.0 OTHER RELATED GOVERNMENT POLICIES

It is necessary to recognize and establish synergy by the National Policy on Construction with the following related policies: Educational Policy, National Housing Policy, Roads and Highway Sector Policy, Urban Development Policy, Physical Planning Policies, Power Sector Policy, Irrigation and Land Drainage Policies, Coast Conservation and Environmental Policies, Water Supply Policy / Water Shed Management Policy, Sanitation Policy, Vocational Training Policies, National Labour Policies, Disaster Management Policy, Local Government Policy, Occupational Health & Safety Policy, Investments Policy/ Economic Policy, and all other related Policies which are either presently established or shall be established at a future date.

6.0 CONCLUSION

An efficient construction industry characterized by fair play, cost effectiveness, timely delivery and quality is a critical need at present to achieve the objectives of national development in Sri Lanka. It is in the interest of Government, industry and the public that a coherent and comprehensive policy is there to guide the development of the national construction industry. The above National Policy on Construction is aimed at achieving this objective.