

A Method for Targeting Information Disclosure to Flag Corruption Risks in Procurement - Application to Sri Lanka

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Research Overview

This working paper sets out a system based on guidance by the Open Contracting Partnership (OCP)¹ to detect corruption vulnerabilities in public procurement processes. Termed a “Red-Flag System”, it is a tool that detects corruption vulnerabilities in the procurement process based on available information on public procurement.

The OCP guidance on red-flags proposes a system that works by analysing data on public procurement. The utility of this tool is that “corruption and fraud can potentially be detected and prevented before they occur, rather than leaving government to pick up the pieces afterwards.”² The tool can act as a standardised framework for evaluating procurement activities for the risk of corruption, provide early warnings on risky tenders, deter corruption, and thereby save large amounts of public funds that can be lost to corruption.

The pre-condition to applying this tool is the availability of information. The tool sets out a method for using information on public procurement to flag potential instances of corruption and fraud (corruption risks). Each such risk that might be detected is denoted as a “Red-Flag”. OCP has provided guidance on a total of 73 such red-flags to detect corruption risks in the procurement process. Verité Research has calculated that there are a total of 93 information fields needed, to be able to detect all 73 of the red-flags set out in the OCP guidance.

The paper develops a method to convert the OCP guidance on a red-flag system into a metric for assessing the marginal benefit of additional information, and applies that metric to Sri Lanka, to demonstrate how improvements in information disclosure can be targeted towards maximising the detection of corruption risks in the procurement process.

As part of Sri Lanka’s IMF programme, the government of Sri Lanka has committed to improving information disclosure on procurement. It has also committed to a specific action: to do so on its e-government procurement (e-GP) system at www.PROMISE.lk.³ Despite these positive steps, the information disclosure, evaluated at the end of 2024, falls well short of the legal obligations of disclosure in Sri Lanka and enable the detection of only a small number of the corruption risks out of those identified by the OCP guidance on red-flags.

The working paper contributes to the understanding of why and how Sri Lanka should increase information disclosure in three steps:

- (1)** By identifying the gap between the legal requirement of information disclosure in Sri Lanka and the current level of disclosure
- (2)** By identifying the gap in the number of red-flags based on OCP’s guidance, that can be detected between full compliance with the legal requirements and the current status quo of compliance, on information disclosure in Sri Lanka.
- (3)** By identifying the additional information fields that would be most beneficial to disclose in Sri Lanka, beyond what is already required by the law; with benefit being assessed in terms of the additional red-flags based on OCP guidance, that could be detected with the additional information.

1 The Open Contracting Partnership is an independent non-profit public charity working in over 50 countries. OCP works across governments, businesses, civil society, and technologists to improve public procurement. For more information visit: <https://www.open-contracting.org/>.

2 Open Contracting Partnership, ‘Red Flags for Integrity: Giving the Green Light to Open Data Solutions’, 2016, p. 4, at <https://www.open-contracting.org/resources/red-flags-integrity-giving-green-light-open-data-solutions/> [last accessed 22 September 2024].

3 Ministry of Finance, Planning and Economic Development, ‘Electronic Government Procurement (eGP) System’, at <https://promise.lk/> [last accessed 28 January 2025].

In step (1), assessing Sri Lanka's information disclosure level, the research reveals that its e-GP system fails to meet domestic legal obligations on proactive disclosure of procurement information. Specifically, it fails to disclose 27 information fields that the government is legally obligated to disclose.

In step (2), applying the red-flag detection method based on OCP guidance for Sri Lanka, the research finds that if the e-GP system met all domestic legal obligations of disclosure it would be possible to detect 23 red-flags. But due to the non-compliance, at current levels of disclosure it is possible to detect only 9 red-flags. The additional red-flags identifiable from complying with the law would allow Sri Lanka to detect key corruption-related risks in procurement such as the manipulation of procurement thresholds, collusion, and delivery failure.

In step (3), with iterative testing through a machine algorithm designed to try every possible combination of additional information fields, the research identified the single field of additional information, beyond what is currently required by law, that would yield the highest marginal benefit⁴ in improving the detection of corruption vulnerabilities in the procurement process. That was the **"Tenderers' ID"**. This would immediately increase the number of red-flags that could be identified from 23 to 28. It also identified five additional fields that would together yield the highest additional benefit. They would further increase the number of red-flags identified to 38 – allowing Sri Lanka to detect further corruption-related risks in procurement such as bid manipulation, unauthorised sub-contracting, and contract manipulation.

This paper makes **two significant contributions** towards improving the detection of corruption in procurement. **First**, it develops a method, linked to productivity in detecting corruption risks, to prioritise disclosure of additional procurement information. **Second**, it applies this method to Sri Lanka's laws and compliance on procurement information disclosure to demonstrate that legal compliance with disclosure requirements and specific additional disclosures on its e-GP platform, would enable the productive use of the Red-Flag System based on OCP guidance to detect 29 additional key corruption risks in the public procurement process in Sri Lanka, which are currently not detectable.

4 In this analysis, marginal benefit is quantified as the "number of additional red-flags" that can be identified by adding an information field or a combination of information fields.

1. Introduction

It is well understood that Sri Lanka's economic crisis of 2022 was precipitated by a governance crisis, with a high level of corruption. Procurement is a key area in which corruption vulnerabilities result in major losses to the economy.

This led to Sri Lanka being the first country in Asia where the International Monetary Fund (IMF) requested a Governance Diagnostic Assessment (GDA). The GDA identified reforms within the public procurement system as key to Sri Lanka's economic recovery.⁵

Motivating Problem: The IMF GDA stated that public procurement in Sri Lanka is hampered by opaque processes,⁶ the lack of information or incomplete information, single source non-competitive contracts, and unfettered cabinet discretion on unsolicited bids.⁷ Corruption vulnerabilities in the public procurement process are further exacerbated by the failure to blacklist companies found guilty of fraud, corruption and default.⁸ In the same vein, Verité Research's Infrastructure Watch observed that the public disclosure of information for 50 ongoing infrastructure projects in 2024 worth LKR 1.01 trillion was a mere 36% of legally mandated proactive disclosure requirements.⁹

The IMF classifies Sri Lanka's corruption vulnerabilities as being "macro-critical", and states that the authorities have also recognised that "public procurement remains an area of governance weakness, with associated corruption vulnerabilities, despite attempts to improve its effectiveness"¹⁰ It also highlighted that "timely availability of accurate, relevant, and complete procurement statistics is very limited" and "the absence of consolidated procurement plans, and [the absence of] a fully functioning e-procurement system contribute to this lack of data."¹¹

5 International Monetary Fund, 'IMF Country Report No. 23/340, Sri Lanka: Technical Assistance Report-Governance Diagnostic Assessment', 30 September 2023, p.13, 69, at <https://www.imf.org/en/Publications/CR/Issues/2023/09/29/Sri-Lanka-Technical-Assistance-Report-Governance-Diagnostic-Assessment-539804> [last accessed 29 January 2025].

6 Ibid, p. 55.

7 Ibid, p. 55-63.

8 Verité Research, 'Backwards in Blacklisting: Gaps in Sri Lanka's Procurement Framework Enable Corruption', November 2023, at https://www.veriteresearch.org/wp-content/uploads/2024/01/20231211_BlacklistingCorruptFirms_Research-Brief_F.pdf [last accessed 10 August 2024].

9 Public disclosure of information for 50 ongoing infrastructure projects in 2024 was a mere 36% in English 36%, 18% in Sinhala and, 16% in Tamil. Infrastructure Watch assessed only the online availability of information with the lowest benchmark of disclosure. It has not assessed the accuracy, reliability or timeliness of the information disclosed. It is possible that if the quality of information was assessed, this score would be lower. Verité Research, 'Infrastructure Watch', 2024, at <https://dashboards.publicfinance.lk/infrastructure-watch/> [last accessed 25 September 2024].

10 International Monetary Fund (2023), op. cit. p. 67.

11 Ibid.

Proposed Solution: As a key solution to the grave shortcomings identified in the GDA, in December 2023, at the first review of its 17th IMF programme, Sri Lanka made an additional commitment to disclose comprehensive information related to procurement on its e-GP platform. The Government’s Action Plan adopted the IMF recommendation to publish such information on all public procurement contracts above LKR 1 billion.¹²

In 2020 Sri Lanka launched an e-GP system (www.PROMISE.lk) to streamline government procurement. The Finance Ministry instructed all government entities to implement the e-GP system for procurement notices and details of contract awards relating to all methods and categories of procurement with an estimated value of more than Rs 200 million, by the 1st of May 2023.¹³

Defective Execution: Nearly six months after the notice, the portal was still being used primarily for “shopping tenders”.¹⁴ This remains true as of mid-2024. However, during the review of the IMF programme which was finalised in June 2024, the IMF judged that Sri Lanka’s programme commitment as complied with,¹⁵ despite disclosure of the required information being demonstrably incomplete and failing to comply with domestic law.¹⁶

It is this context of corruption vulnerabilities in Sri Lanka’s public procurement and the weaknesses in public disclosure through its e-GP that has motivated the scope of this working paper – to develop a strategic approach to assessing the critical shortfalls in information disclosure and to improving disclosure to maximise the detection of corruption risks in procurement.

Strategic Improvement: this paper develops an analytical method that converts the guidance provided by OCP on red-flags into a metric for assessing the marginal benefit of additional information disclosure on procurement. It then applies that metric to assess the consequences of disclosure shortfalls in Sri Lanka and make strategic recommendations on increasing the mandated disclosure requirements.

The paper identifies the critical compliance gaps in information disclosure, and what improvements in disclosure requirements can be most productive to identify and pre-empt corruption risks in Sri Lanka’s public procurement.

12 Ministry of Finance, ‘Government Action Plan’, at <https://www.treasury.gov.lk/api/file/5e0c54aa-62cd-4ac3-846a-9073dfc653c6> [last accessed 26 November 2024].

13 Department of Public Finance, ‘Circular Letter in Reference to the Public Finance Circular No. 08/2019(i) dated 19.04.2023’, 6 October 2023, at <https://www.treasury.gov.lk/api/file/feeab0ea-6a27-4f05-8844-3619dfb317a5> [last accessed 22 September 2024].

14 The Sunday Times, ‘Mega Projects Missing In Govt’s E-Procurement Portal’, 24 December 2023, at <https://www.sunday-times.lk/231224/news/mega-projects-missing-in-govts-e-procurement-portal-542983.html> [last accessed 8 August 2024]. Although procurement through www.PROMISE.lk is only for shopping tenders thus far, information only on procurement notices and award details for all procurements by the government are published on www.PROMISE.lk.

15 International Monetary Fund, Country Report No. 2024/161, Article IV Consultation and Second Review Under the Extended Fund Facility, Request for Modification of Performance Criterion, And Financing Assurances Review— Press Release; Staff Report; And Statement by the Executive Director for Sri Lanka (2024), pg. 14, at <https://www.imf.org/en/Publications/CR/Issues/2024/06/13/Sri-Lanka-2024-Article-IV-Consultation-and-Second-Review-Under-the-Extended-Fund-Facility-550261> [last accessed 29 January 2025].

16 Daily FT, ‘The IMF Review: How Does It Align with The IMF Tracker By Verité Research?’, 24 June 2024, at <https://www.ft.lk/opinion/the-imf-review-how-does-it-align-with-the-imf-tracker-by-verit%c3%a9-research/14-763361> [last accessed 5 August 2024].

2. The Red-Flag System

2.1. THE PURPOSE OF A RED-FLAG SYSTEM

Real time data and analytics in public procurement can be used to detect corruption vulnerabilities in the procurement process.¹⁷ A Red-Flag System is a tool that is developed to detect corruption risks through the evaluative observation of procurement related information. For example, observations such as short tender periods, low number of bidders, low percentage of contracts awarded competitively, high percentage of contracts with subsequent amendments, and large discrepancies between award value and final contract amount, could flag risks of corrupt behaviour such as fraud, bid rigging, and collusion.¹⁸

A Red-Flag System is designed to detect risks of corrupt behaviour; it does not serve as conclusive evidence. It is a warning system designed to alert observers to the likelihood of corruption within the procurement process. When multiple red-flags are triggered, that may reflect a more severe risk of corruption.¹⁹

A Red-Flag System can provide a standardised framework for evaluating procurement activities and promotes a data-driven approach to detecting and preventing corruption in public procurement.²⁰ Because the information can be observed while a procurement process is ongoing, a Red-Flag System allows for the detection of corruption and fraud while it is in process, rather than after the fact. Overall, it allows for a timely, strategic, and systematic approach to reducing corruption risks within public procurement.²¹

17 Open Contracting Partnership (2016), op. cit.

18 Open Contracting Partnership (2016), op. cit.

19 Transparency International Hungary, Red Flags project New Warning System for the Identification of Red Flags In Public Procurements (2015), p.9, at <https://www.redflags.eu/files/redflags-summary-en.pdf> [last accessed 22 September 2024].

20 World Bank Blogs, 'Transparent and fair public procurement: The North Macedonia experience', 13 November 2023, at <https://blogs.worldbank.org/en/governance/transparent-and-fair-public-procurement-north-macedonia-experience> [last accessed 22 September 2024].

21 Joras Ferwerda, Ioana Deleanu and Brigitte Unger, 'Corruption in Public Procurement: Finding the Right Indicators', 2016, 23 Eur J Crim Policy Res p. 245-267, at <https://link.springer.com/article/10.1007/s10610-016-9312-3> [last accessed 29 January 2025].

2.2. THE OCP GUIDANCE ON A RED-FLAG SYSTEM

Several countries have adopted Red-Flag Systems to detect risks of corruption that are specific to their localised contexts.²² The Open Contracting Partnership (OCP) has provided guidance on a comprehensive system that is easily adapted and contextualised across countries.

This guidance has been developed by building on engagements with integrity experts and partner governments to identify the biggest threats to integrity in public procurement. The list of red-flags identified has built on the work of field leaders.²³ Based on these consultations common threads have been observed and currently the most updated version of the OCP red-flags guidance has enumerated a list of 73 suspicious behaviour indicators, or “red-flags”.

The OCP guidance on red-flags makes three further contributions. First it categorises each red-flag within a specific corruption scheme such as “fraud, bid rigging, corruption or collusion.”²⁴ Second, it also links each red-flag to a contracting stage. Thirdly, it develops a schema of indicators to identify each red-flag.²⁵ By taking this extra step to match a schema of indicators to the identification of red-flags (suspicious behaviours), the OCP guidance not only identifies a list of the most common red-flags but also indicates the types of data required to identify those red-flags. As the OCP guidance maps red-flag indicators to the type of data required to monitor them, it anticipates one of the calculation steps that is set out in this paper – that it could also serve as a means of identifying existing data gaps.²⁶

In 2022, as a part of the Asian Development Bank’s (ADB) technical assistance provided to Sri Lanka, the OCP was engaged to support with the scoping, design, and implementation of the Open Contracting Data Standard (OCDS) as part of the Sri Lanka electronic government procurement reforms.²⁷ As a part of this assistance, OCP “supported the Sri Lankan authorities on completing the first two stages of the OCDS implementation journey.”²⁸

Considering the expressed interest in conforming Sri Lanka’s e-GP system to OCDS, the international acceptance of the OCP guidance on red-flags, and its usefulness in identifying information gaps, this paper uses the OCP guidance on red-flags as a benchmark for identifying corruption risks in procurement and the data required to detect them.

22 For examples see: Indonesia: Corruption Watch, Hungary: Red Flags Hungarian platform, Poland, Romania, and Hungary: Tender Tracking, Vietnam: M&E Platform (Under Development).

23 Open Contracting Partnership (2016), op. cit. p. 12,13.

24 Open Contracting Partnership (2016), op. cit.

25 Open Contracting Partnership (2016), op. cit.

26 Open Contracting Partnership (2016), op. cit.

27 Asian Development Bank, ‘Technical Assistance Consultant’s Report Regional: Strengthening the Asia Pacific Public Electronic Procurement Network Open Contracting in Sri Lanka: Supporting Open Contracting Data Standards Publication Journey Final Report’, 2022, at https://www.adb.org/sites/default/files/project-documents/52109/52109-001-tacr-en_8.pdf [last accessed 29 January 2025].

28 Ibid, p. 8.

3. Information Space Assessment

This section makes an assessment of the information space that is relevant to identifying all of the red-flags listed in the OCP guidance. The sections that follow provide an analysis in two parts.

The first part develops a method to convert the OCP guidance on red-flags into a metric for assessing the marginal benefit of additional information. The second part applies that metric to Sri Lanka and demonstrates how improvements in information disclosure can be targeted towards maximising the detection of corruption risks in the procurement process.

The definitions and notation set out here to assess the information space is common to both parts of the analysis that follows. Further notation is developed within each analytical section. A non-technical reader can skip the notation sections without loss of understanding, as the results are also explained in non-technical terms.

Notation:

$R = \{r_1, r_2, r_3, \dots, r_j\}$ is the set of red-flags listed in the OCP guidance on red-flags. The elements of R are red-flags listed in the OCP guidance, each denoted r_j with $j = \{1, 2, 3, \dots, n\}$, where n is the total, Verité Research modified number of red-flags listed in the OCP guidance defined, such that $|R| = n$, meaning, the set R has n number of elements, which in turn means there are a n number of red-flags. While the OCP guidance on red-flags defines 73 red-flags, the Verité Research modified number splits a specific red-flag on business similarities between suppliers or bidders, which results in $|R| = 74$.

f_{r_j} is the set of information fields that is defined by the OCP guidance on red-flags individually or in some combination necessary or sufficient to detect each red-flag r_j .

$FR = \{f_1, f_2, f_3, \dots, f_i\}$ that is the combined set of all the fields of information found in all r_j . The elements of FR are denoted f_i with $i = \{1, 2, 3, \dots, fn\}$, corresponding to each red-flag. We also define fn as the total number of unique information fields such that $|FR| = fn$, which means there are fn number of information fields that are relevant to detecting all of the R red flags.

Derivation:

The Open Contracting Partnership (OCP) provides guidance on red-flags²⁹ which enumerates for each red-flag r_j the set of information fr_j that is relevant to the detection of that red-flag.

Using OCP's mapping of r_j and fr_j as given and applying the above definitions of FR , leads to the derivation $|FR| = 93$.

This means simply that if we did this manually by counting (rather than computing with an algorithm), we would count out 93 unique fields of information that are relevant to detecting the 74 red-flags used for this analysis based on the OCP guidance on red-flags.

29 Open Contracting Partnership, 'Red Flags in Public Procurement. A guide to using data to detect and mitigate risks', 2024, at <https://www.open-contracting.org/resources/red-flags-in-public-procurement-a-guide-to-using-data-to-detect-and-mitigate-risks/> [last accessed 22 January 2025]. For a detailed list of red-flags see <https://docs.google.com/spreadsheets/d/12PFkUIQH09jQvcnORjcbh9-8d-Nnluk4mAQwdGiXeSM/edit?gid=656314485#gid=656314485>.

4. Designing a Method to Value Information

The primary contribution of this paper is to develop a useful method to convert the OCP guidance on red-flags into a metric for assessing the marginal benefit of additional information disclosure for the detection of corruption risks (red-flags). We call this the “usefulness” method. The paper then assesses Sri Lanka’s procurement information disclosure landscape using this method.

In the current literature on red-flags, there is no explicit claim made about a method for valuing information fields in relation to each other. There is, however, an approach of tacitly valuing information fields by providing a ranking of them on the basis of counting the number of red-flags for which an information field can contribute towards detection. That is, the method values an information field based on its **absolute frequency** in information sets mapped out for detecting red-flags.

In contrast, the method designed here values information fields based on their **relative usefulness** in detecting otherwise non-detectable red-flags, in the status quo of the information space in which the evaluation is made.

The notation and derivations to calculate the value of red-flags in both of these methods are set out in [Annex III](#).

This usefulness method is different in two ways to the frequency method. Firstly, it evaluates the additional number of red-flags that could be identified by an information field, rather than the number of red-flags that use the information field. Secondly, it bases the evaluation on a given status quo of other available information, recognizing that the marginal usefulness of an information field depends on the context, of other information that is already available.

The contrast and the benefit of the usefulness method over the frequency method can be illustrated with the following example:

Consider three red-flags with the following sets of relevant information to detect each flag:

- Red-Flag 1: Can be assessed if either (A and B) or C is available.
- Red-Flag 2: Can be assessed if either (B and D) or C is available.
- Red-Flag 3: Can be assessed if either (A and B and F) or E is available.

Using the frequency method, B would be the highest scoring information field as it is relevant in all three red-flags. A and C would be an equal second, being relevant in two red-flags each. However, accessing information field B, in the absence fields A or D, does not enable the assessment of any red-flag, which then makes B not useful in such an information context.

In contrast, consider information field C. Accessing C alone would allow for two of the three red-flags to be assessed (Red-Flag 1 and Red-Flag 2), since C can be used to detect two red-flags, even in the absence of A or D. This makes C more useful than B, in that information context.

The method developed in this paper provides a context-based assessment of the usefulness of accessing additional information fields. In the example, in a context where no other information or only D is available, it would award the highest score to C. But in a context where A, D and F were already available, it would award the highest score to B.

This makes the usefulness method more suitable for a strategic incremental approach to increasing information for the detection of corruption risk in procurement.

Both the frequency method and the usefulness method treat every red-flag as having equal importance (value) in their scoring system. However, in practice, policy makers have reasons to value the detection of some red-flags more than others. For instance, in Sri Lanka's context, the red-flag 'single bid received' could well be considered more important to detect, than the red-flag 'Supplier does not have internet presence'.

How such a varied valuing of red-flags can be specified and entered into the scoring system to help decide additional information to be released, is addressed in [Annex III](#); setting out how a weightage system can augment the scoring system to make better decisions on information to be released.

5. Information Assessment and Strategy for Sri Lanka

This section contributes to the understanding of why and how Sri Lanka should increase information disclosure in three steps:

1. It assesses the gap in compliance with the legal requirements for information disclosure.
2. It calculates the number of red-flags listed by OCP in its guidance that can be detected at current levels of disclosure, and if disclosure levels were compliant with the law.
3. It identifies the information fields that would be most useful to disclose, in addition to disclosure of information fields required by law.

A set of formal notations are provided, to precisely explain the method used in the analysis.

5.1. THE GAP IN COMPLIANCE

This is an assessment of the gap between information fields that are required to be disclosed to comply with legal and related requirements in Sri Lanka, and the current status quo of information fields disclosed.

Procurement spending accounts for between 21% – 31% of the total government expenditure for the period 2015-2023 based on budget data available through the Ministry of Finance website. Still, Infrastructure Watch highlighted that only 36% of the necessary information was disclosed for ongoing infrastructure projects.³⁰ Similarly, an analysis of proactive disclosure amongst ministries revealed that only 18% of the mandated information was disclosed, of which only 5% was published in Sinhala and 4% in Tamil. The assessment also highlighted that a significant share of information critical to improving infrastructure governance – such as project approvals, clearances, and contracts – remains hidden from public access.³¹

The Sri Lankan legal framework sets out several information disclosure standards pertaining public procurement. These obligations are set out in the Right to Information (RTI) Act No. 12 of 2016, the regulations and guidelines thereunder, and the Procurement Guidelines and Manual (see [Annex II](#)). The gap in compliance with these laws is quantified in this section and enumerated in Exhibit 1.

30 Infrastructure Watch (2024), op. cit.

31 Verité Research, 'Proactive Disclosure under the RTI Act in Sri Lanka: Ranking Public Authorities', September 2023, at https://www.veriteresearch.org/wp-content/uploads/2023/09/20231113_ProactiveDisclosureReport_F_withISSN.pdf [last accessed 22 September 2024].

Notation:

$L = \{l_1, l_2, l_3, \dots, l_g\}$ is the set of all the laws, regulations, and guidelines which create obligations in Sri Lanka for the disclosure of procurement-related information. Each individual law or regulation or guideline is denoted with l_i with $i = \{1, 2, 3, \dots, g\}$ and $|L| = g$. This means that there are a g number of laws, regulations, and guidelines that create disclosure obligations.

fl_i is the set of information fields that each l_i mandates to be published.

$FL = \{f_1, f_2, f_3, \dots, f_{fn}\}$ is the combined set of all the information fields mandated to be published by all the laws, regulations and guidelines (l_i). The elements of FL are denoted f_i with $i = \{1, 2, 3, \dots, fn\}$, such that fn as the total number of unique information fields and $|FL| = fn$. This means there are fn number of information fields that are required to be published by the set L of laws and regulations etc.

FC is the set of OCP guidance on red-flags related information fields that are disclosed on the e-GP platform, with $|FL|$ being the number of such information fields disclosed.

FP = This is the set of information fields not published by the government but are in FR . This set can be written as $FP = \{x \mid x \in FR \text{ and } x \notin FC\}$. That means that they are relevant information fields in the OCP guidance on red-flags but are not disclosed.

$CG = \{x \mid x \in FL \text{ and } x \notin FC\}$ is then the gap in compliance, the set of information fields in FL that are required to be published based on existing laws but not published on the e-GP platform. $|CG| = |FL| - |FC|$ is then the number of information fields on which there is legal non-compliance in terms of disclosure.

Derivation:

Through legal research, the set L of all the laws, regulations, and guidelines that create obligations in Sri Lanka for the disclosure of procurement-related information was identified, with the result $|L| = 4$.

Through legal research, each l_i element of the set L , was scrutinized to list out the specific procurement-related information disclosures that were mandated by them, which were also relevant for the detection of red-flags based on the OCP guidance. Thereby, the set fl_i for each l_i was derived, listing out the information fields that were mandated to be published by l_i and were also relevant for the detection of red-flags. This allowed the derivation of FL and the gave the result $|FL| = 50$, meaning that all the laws, regulations, and guidelines in Sri Lanka mandate the government to publish 50 of the 93 information fields identified by OCP's guidance on red-flags.

Sri Lanka's e-GP system was scrutinized for the information fields disclosed that are also relevant for the detection of red-flags. That allowed the derivation of the set FC and resulted in the finding that $|FC| = 23$.

Therefore, $|CG| = 27$ Sri Lanka's e-GP system which means there are 27 information fields that are relevant to the detection of red-flags based on OCP guidance, which are required to be disclosed under current law, but are not disclosed in the e-GP platform of the government. These 27 information fields are enumerated by name in Exhibit 1.

Exhibit 1: Compliance Gap in Information Disclosure in Sri Lanka (on Sri Lanka's e-GP system)

Information disclosures required by law, but not disclosed on the e-GP system	Statutes/Regulations that mandate the disclosure
1. Annual procurement plan 2. Planned procurement notice 3. Total cost estimates	<p>RTI Act s. 9 - Public authorities to disclose all information available with the relevant Minister about upcoming projects 3 months prior to commencement</p> <p>Guidelines under s.9 of the RTI Act (A) - Details of the Proposed Project: description, location, commencement, conclusion</p> <p>Guidelines under s.9 of the RTI Act (A) - Total estimated cost of project</p> <p>Regulation 20 (1)(x) - Detailed information on public procurement processes</p>
4. Supplier telephone 5. Supplier address 6. Supplier (tenderer) URL 7. Supplier email 8. Supplier region	<p>Guidelines under s.9 of the RTI Act (30) - Provide details of the supplier/vendor/contractor who will implement the project</p>
9. Tenderer's name 10. Tenderer email 11. Tenderer telephone 12. Tenderer address	<p>Guidelines under s.9 of the RTI Act (34) - State the number of bidders as well as the relevant names/contact details of those who submitted bids for the project</p>
13. Award value amount 14. Award value currency	<p>Guidelines under s.9 of the RTI Act (14) - Agreed Amounts</p>
15. Contract amendment description (see for changes in total value) 16. Contract amendment date	<p>Procurement Manual 2024 clause 8.8 Publication of Contract Award - If the contract value exceeds SLR 750,000,000 publication of contract awards</p> <p>Guidelines under s.9 of the RTI Act (13)(14)(15) - Total estimated cost of project/Agreed Amounts/ Source of finance</p> <p>Regulation 20 (1)(x) - criteria and outcomes of decision making on tender applications; copies of contracts, and reports on completion of contracts</p>
17. Contract date signed	<p>Guidelines under s.9 of the RTI Act (32)(33) - If yes, date of execution of contract? If not, proposed date of execution of contract?</p>
18. Contract ID 19. Contract implementation delivery milestones 20. Contract implementation milestones due date 21. Contract implementation milestones date met 22. Contracts implementation transactions amount 23. Contracts implementation transactions currency 24. Contract status	<p>Procurement Manual 2024 clause 8.8 Publication of Contract Award - If the contract value exceeds SLR 750,000,000 publication of contract awards</p> <p>Guidelines under s.9 of the RTI Act (13)(14)(15) - Total estimated cost of project/Agreed Amounts/ Source of finance</p> <p>Regulation 20 (1)(x) - criteria and outcomes of decision making on tender applications; copies of contracts</p>
25. Signed contract	<p>Regulation 20 (1)(x) - copies of contracts</p>

Information disclosures required by law, but not disclosed on the e-GP system	Statutes/Regulations that mandate the disclosure
26. Contract documents=contract signed, completion certificates or physical progress reports 27. Contract documents=contract signed = final audits	Regulation 20 (1)(x) - reports on completion of contracts

5.2. THE GAP IN RED-FLAG DETECTION

The OCP guidance on red-flags has developed a total of 73 red-flags across the procurement process from the planning, tender, award, contract and implementation stages.³² The following analysis utilises 74 potential red-flags. Verité Research split one red-flag into two to enable clearer demarcation, and to account for local context.³³ See [Annex I](#) for a full list of red-flags.

The OCP guidance on red-flags not only identifies a list of red-flags but also indicates the types of data (information fields) required to monitor them successfully.

This section maps the number of red-flags that can be detected based on Sri Lanka’s laws and the current level of compliance, to highlight two consequences for the ability to detect corruption risks in Sri Lanka’s procurement.

The first consequence is the consequence of non-compliance with existing legal requirements for disclosure. The second is the consequence of legal requirements for information disclosure being limited.

This section demonstrates that because of Sri Lanka’s failure to adhere to its domestic legal obligations on information disclosure, and the limitations of those obligations, important corruption risks cannot be detected within the procurement process.

This research matched the information fields available on Sri Lanka’s e-GP system against the information fields identified by OCP for each red-flag. If all information fields required to detect a particular red-flag was disclosed, it was taken that the red-flag would be detectable on the e-GP system. A similar analysis was undertaken with information fields that would be disclosed if the e-GP system complied with domestic legal disclosure obligations.

Notation:

From previously defined notation, the list of information fields currently disclosed by the government is set *FC* and the legal requirement for information disclosure is set *FL*.

Other relevant notation and equations referenced can be found in [Annex III](#). The application of equation (1), which is detailed in the annex, derives from any set of information fields the number of red-flags that can be identified on the basis of that information set.

32 Open Contracting Partnership (2016), op. cit.

33 The red-flag “Business similarities between suppliers (or bidders): common addresses, personnel, phone numbers, etc.” was split into two, to enable clearer demarcation between similarities between bidders at the tender stage and similarities between suppliers at the award stage of the procurement process.

Derivation:

In the previous section we derived that the e-GP platform of the government currently discloses (set *FC*) 23 out of the 93 (25%) information fields that are relevant to the detection of red-flags.

That section also derived the set of information fields that is required to be disclosed on the basis of Sri Lanka's laws (set *FL*) as 50 out of the 93 (54%) information fields that are relevant to the detection of red-flags based on OCP's guidance.

When set *FC* is applied to equation (1) only 9 out of the 74 red-flags can be assessed. That means, at the current level of information disclosure, only 12% of the red-flags listed in the OCP guidance may be detected.

When set *FL* is applied to equation (1) only 23 out of the 74 red-flags can be assessed. That means, at current requirements of information disclosure, only 31% of the red-flags listed by OCP in its guidance may be detected.

At the current level of disclosure on the e-GP system, the following nine (12%) red-flags may be identified:

1. Short or inadequate notice to bidders to submit expressions of interest or bids
2. Vague, ambiguous, unreasonably strict or narrow, or incomplete specifications
3. Short time between tender advertising and bid opening
4. Single bid received
5. Low number of bidders for item and procuring entity
6. Supplier (or bidder) is not listed in business or telephone directories or business registries
7. Supplier is not on the approved supplier list
8. Decision period for submitted bids excessively short
9. Decision period for submitted bids excessively long or involved legal challenge

To calculate all 74 red-flags, a total of 93 pieces of information are relevant.

Some of the key information fields that would be disclosed under Sri Lanka's legal framework include the publication of an annual procurement plan and the total cost estimates of procurement projects. The guidelines under the RTI Act also require the disclosure of supplier information. This should include the address, contact point, fax number, email, URL, postal code and region, business registration number, registered business address, and place of business. The disclosure of the business registration number enables the cross checking of information about the supplier/bidder with the e-ROC database which will help to validate if the supplier/bidder is a legitimate company or if it is a shelf company.

Furthermore, as per the regulations under the RTI Act, copies of the contract must be made publicly available. This should include addendums/amendments to the contract which form part and parcel of the contract. Finally, the regulations also require the proactive disclosure of reports on the completion of contracts. For such disclosure to be meaningful, these reports should include the implementation milestone due date, when the milestone was met, details about each milestone, estimated cost and actual cost for each milestone, subcontracting information, and the date, amount and value of payments made upon completion of milestones.

Exhibit 2: Red-Flags Detectable if Sri Lanka’s e-GP system is fully compliant with the law

Information Field Missing on the e-GP System	Existing Statutory/Regulatory Requirement	Red-Flags
Annual procurement plan including total cost estimates	RTI Act s. 9 / Guidelines under s.9 of the RTI Act (A) / Regulation 20 (1)(x)	<ul style="list-style-type: none"> ▪ Key planning documents are not provided ▪ Manipulation of procurement thresholds ▪ Direct awards in contravention to the provisions of the procurement plan
Supplier details	Guidelines under s.9 of the RTI Act (30)	<ul style="list-style-type: none"> ▪ Supplier (or bidder) has abnormal address or phone number ▪ Supplier does not have internet presence ▪ Business similarities between suppliers: common addresses, personnel, phone numbers, etc.
Award value amount Award value currency	Guidelines under s.9 of the RTI Act (14)	<ul style="list-style-type: none"> ▪ High number of direct awards to one bidder
Contract amendments	Procurement Manual 2024 clause 8.8 Publication of Contract Award / Guidelines under s.9 of the RTI Act (13)(14)(15) / Regulation 20 (1)(x)	<ul style="list-style-type: none"> ▪ Awards below the competitive bid threshold followed by change orders that exceed the threshold
Contract date signed	Guidelines under s.9 of the RTI Act (32)(33)	<ul style="list-style-type: none"> ▪ Long unexplained delays in contract negotiations or awards (ex: as bribe demands are negotiated)
Project completion reports (including Contract implementation delivery milestone, due date and date met/ Contracts implementation transactions amount and currency/ Contracts amendments description/ Contract status/ Completion Certificates, physical Progress Reports, final Audits)	Procurement Manual 2024 clause 8.8 Publication of Contract Award/ Guidelines under s.9 of the RTI Act (13)(14)(15) / Regulation 20 (1)(x)	<ul style="list-style-type: none"> ▪ Delivery failure ▪ Total payments to a contractor exceed total contract or purchase order amounts ▪ Approval of unnecessary change orders to increase the contract price after award ▪ Discrepancies between work completed and contract specifications
Signed contract	Regulation 20 (1)(x)	<ul style="list-style-type: none"> ▪ Contract is not public

Aside from the red-flags identified above, based on the Sri Lankan procurement framework, two context-specific red-flags may be introduced. First, an additional red-flag titled “unsolicited proposals or closed/non-open procurement procedures” may be introduced to highlight an over-reliance on unsolicited procurements. Unsolicited proposals must adhere to the same disclosure standards applicable to solicited proposals reiterated in the Guidelines to section 9 of the RTI Act. This requires public authorities to disclose whether a project was solicited or unsolicited and if it is unsolicited, to disclose information on the project

proponent, project proposal, date when such proposal was made, funder and funding conditions.³⁴ Second, a red-flag titled “failing to read out bid prices and terms at bid opening” may be introduced. In order to calculate this red-flag a simple box ticked to confirm that bid prices and terms were read at bid opening can allow bidders present at the event to register any concerns.

5.3. INFORMATION WITH HIGHEST MARGINAL BENEFIT

In this section we apply the method developed in this paper to identify the relative usefulness of additional information fields, to derive the most useful additional information field, in addition to what is already required by law, and beyond that the 5 additional information fields that would be most useful, to detect risks of corruption in Sri Lanka’s procurement processes.

Application

We use the “Useful method” set out in [Annex III](#).

We start our baseline as the required level of disclosure by law, which is 50 information fields which allows for 23 red-flags to be assessed. This will be our set $FC = \text{set } SQ$.

With this information, our set $SQ' = \text{set } FC'$ would be the remaining 43 information fields not required to be published. Iteratively adding each one of the 43 fields to the existing set FC to form set FC' gives us the optimal information field (p_a^*) to add as the “Tenderers ID”.

The disclosure of this single additional information field (Tenderers ID) will enable the calculation of a further five red-flags. The identifiable new red-flags are as follows:

1. Perennial losing bidders give appearance of legitimate competition when they have no intention of actually winning
2. Prevalence of joint bid patterns (consortia)
3. Potential bidders make agreements not to bid because of Collusion arrangements (missing bidders)
4. Business similarities between bidders: common addresses, personnel, phone numbers, etc.
5. The same companies always bid, the same companies always win, and the same companies always lose

Therefore, the disclosure of the ‘Tenderers ID’ enables the calculation of key red-flags relating to bid manipulation.

We also performed the analysis for a combination of 5 information fields (g) excluding “Tenderers ID”, the resulted combination (e_h^*) is:

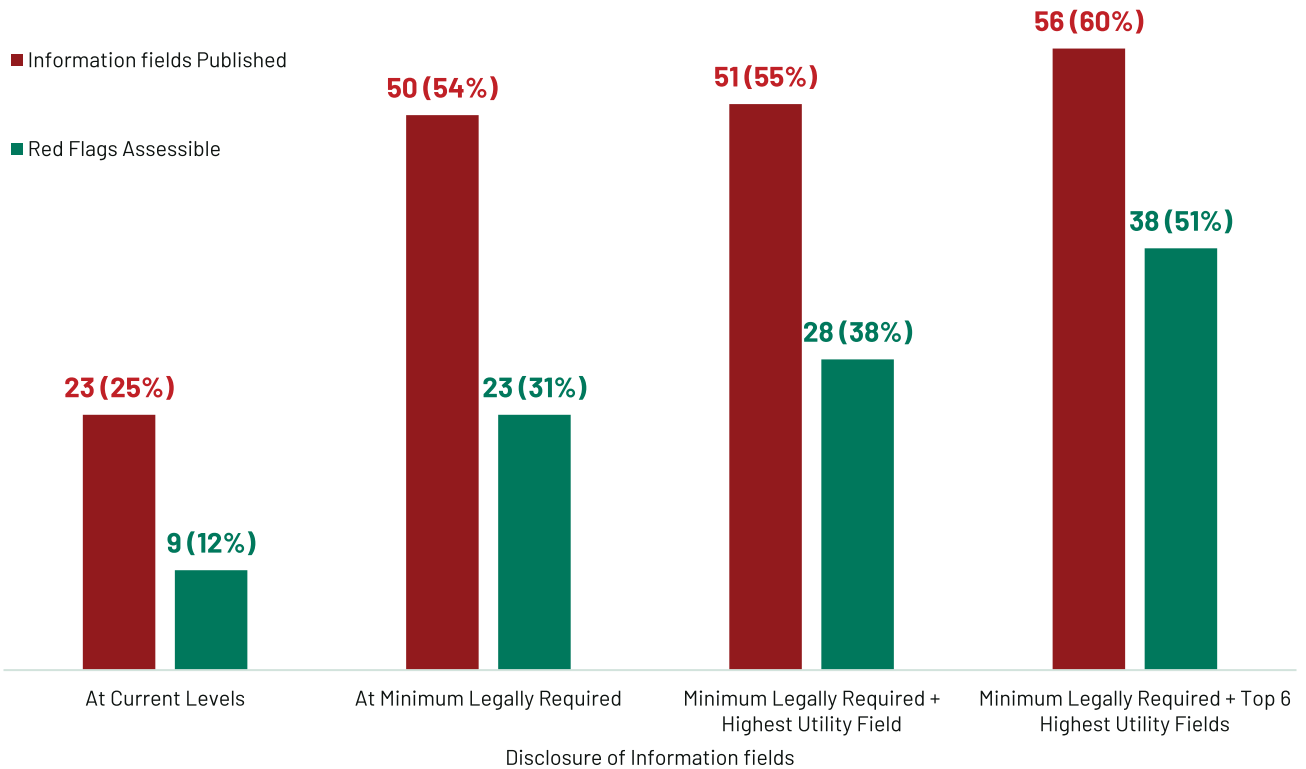
1. Tender documents published date
2. Award Status
3. Contract amendment Rationale
4. Subcontracting Info
5. Tender Documents - Evaluation Criteria

³⁴ Guideline 27, 28 and 29, Guidelines issued by the Right to Information Commission in terms of Section 9(1)(b) of the Right to Information Act No. 12 of 2016.

The application of this methodology allowed the strategic identification, that if the government chooses to publish these additional six information fields then it would allow for 15 additional red-flags to be assessed – that is: a 65% increase in the number of red-flags that can be detected (increasing from 23 to 38), by adding just 12% to the information set required to be disclosed by law.

Exhibit 3 below demonstrates the impact of additional information disclosure on the detection of red-flags. It shows the additional red-flags that can be detected at each level of information disclosure.

Exhibit 3: Impact of Additional Information Disclosure on Red-Flag Assessments



Annexures

ANNEX I: LIST OF RED-FLAGS

Red-Flag No.	Issue Identified by the Flag ³⁵
1	Key planning documents are not provided
2	Manipulation of procurement thresholds
3	Short or inadequate notice to bidders to submit expressions of interest or bids
4	Failure to adequately advertise the request for bids or proposals
5	Key tender information and documents are not available
6	Unreasonable prequalification requirements
7	Vague, ambiguous, unreasonably strict or narrow, or incomplete specifications
8	Failure to make bidding documents available to all bidders
9	Buyer increases the cost of the bidding documents
10	Bundling tenders in unreasonably large or small amounts to discourage or eliminate certain bidders
11	Splitting purchases to avoid procurement thresholds
12	Direct awards in contravention to the provisions of the procurement plan
13	Tender is invitation only
14	Short time between tender advertising and bid opening
15	Long time between bid opening and bid evaluation
16	Tender value is higher or lower than average for this item category
17	Unreasonably low or high line item
18	Single bid received
19	Low number of bidders for item and procuring entity

³⁵ For more details on the full list of red-flags see <https://docs.google.com/spreadsheets/d/12PFkUIQH09jQvcnORjc-bh9-8d-Nnluk4mAQwdGiXeSM/edit?gid=656314485#gid=656314485>.

Red-Flag No.	Issue Identified by the Flag ³⁵
20	Tender has a complaint
21	Inappropriate evaluation criteria or procedures
22	Wide disparity in bid prices
23	Bids are an exact percentage apart
24	Winning bid is just under the next lowest bid
25	Perennial losing bidders give appearance of legitimate competition when they have no intention of actually winning
26	Prevalence of joint bid patterns (consortia)
27	Potential bidders make agreements not to bid because of Collusion arrangements (Missing bidders)
28	Line-item bid prices by different bidders are identical, very close or an exact percentage apart
29	Losing bids are round numbers
30	Improper acceptance of a late bid or late discounts
31	Bid is too close to budget, estimate or preferred solution
32	Persistently high or increasing bid prices compared to cost estimates, price lists, previous prices similar jobs or industry averages
33	Late bidder is the winning bidder
34	Bidders submit bids in subsequent re-bidding rounds in same order as in original bid
35	Only winning bidder was eligible
36	Lowest bidder is disqualified
37	Poorly supported disqualifications
38	High number of bid disqualifications
39	Unanswered bidder questions
40	Close relationships exist between bidder and buyer
41	Physical similarities in documents by different bidders
42	Supplier (or bidder) has abnormal address or phone number
43	Supplier (or bidder) address is same as project officials
44	Business similarities between suppliers: common addresses, personnel, phone numbers, etc.,
45	Business similarities between bidders: common addresses, personnel, phone numbers, etc.,
46	Supplier (or bidder) is not listed in business or telephone directories or business registries
47	Supplier is not on the approved supplier list
48	Supplier does not have internet presence
49	Supplier wins bids for item or service types it is unlikely to have, or higher quantities of items or services it is unlikely to be able to provide
50	High number of direct awards to one bidder

Red-Flag No.	Issue Identified by the Flag ³⁵
51	One or a few bidders win a disproportionate number of contracts of the same type
52	High market concentration
53	Small initial purchase from supplier followed by much larger purchases (first purchase is to test whether it will be accepted)
54	The same companies always bid, the same companies always win and the same companies always lose
55	Awards below the competitive bid threshold followed by change orders that exceed the threshold
56	Multiple direct awards above or just below the direct award threshold
57	The winning bid does not meet the award criteria
58	Rotation of winning bidders by job, type of work or geographical area
59	Winning supplier provides a substantially lower bid price than other bidders
60	Large difference between the award value and final contract amount
61	Large difference between contract price and winning bid price
62	Long unexplained delays in contract negotiations or awards (ex: as bribe demands are negotiated)
63	Decision period for submitted bids excessively short
64	Decision period for submitted bids excessively long or involved legal challenge
65	Contract is not public
66	Change orders issued after contract award, reducing or deleting item
67	Change orders issued after contract award, extending the line item requirements
68	Delivery failure
69	Total payments to a contractor exceed total contract or purchase order amounts
70	Approval of unnecessary change orders to increase the contract price after award
71	Losing bidders are hired as subcontractors or suppliers
72	A contractor subcontracts all or most of the work received (indicating it could be a shell company)
73	Prevalence of subcontracting
74	Discrepancies between work completed and contract specifications

ANNEX II: PROCUREMENT INFORMATION DISCLOSURE OBLIGATIONS

The **Procurement Guidelines of 2024 on Goods, Works, And Non-Consulting Services** read together with the Procurement Manual of 2024 makes it mandatory to publish contract awards above a contract value of LKR 750 Mn in the government gazette and on the website of the General Treasury.³⁶ This increases the threshold from LKR 250 Mn which was set out in the Procurement Guidelines of 2006.³⁷ The Procurement Guidelines of 2006 were recognised by the Supreme Court as law,³⁸ and it may be presumed that the new Guidelines will be treated in the same way. Despite the requirement to disclose contract awards above a certain value in both the 2006 and 2024 guidelines, the e-GP system continues to be used for shopping tenders only.³⁹

The Procurement Guidelines of 2024 repealed all circulars and instructions issued by the National Procurement Agency and the General Treasury under the previous guidelines. However, it is worth noting that under the previous guidelines, **Public Finance Circular No. 08/2019 (PFD)** required procuring entities to prepare and publish Annual Procurement Plans on the e-GP system which included the disclosure of the estimated cost, source of funds, procurement method, scheduled date of commencement and completion etc.⁴⁰ It also required procuring entities to publish pre-procurement notices, procurement notices and contracts award information in accordance with clause 8.10.2 of the Procurement Guidelines 2006 which includes the disclosure of (a) *description of the items/Works for which bids were invited*; (b) *total number of bids received*; (c) *name of the successful bidder*; (d) *amount at which the contract was awarded*; (e) *in the case of a contract awarded to a foreign principal who has a local agent, the name of the local agent*". Clause 8.8. of the Procurement Manual 2024 requires the same disclosures to be made. The annexure to the same circular states that the contract file number, procurement reference number, name and registration number of the procuring entity, name and registration number of the selected bidder, amount at which the contract was awarded, and the date awarded, must be disclosed. As per circular No. 8/2019 (ii) information on the contracting of award must be published within 3 days of the contract award.⁴¹ The issuance of a similar circular under the new Procurement Guidelines and Manual will serve to strengthen information disclosure.

Similarly, **Section 9 of the RTI Act** requires disclosure in respect of "projects", the value of which exceeds USD 100,000/- (in case of foreign funded projects) and LKR 500,000/- (in respect of locally funded projects). The RTI Commission has defined projects as "*all capital expenditure or all procurement activities approved by Procurement Committees, excluding recurrent expenditure*".⁴² Every Minister is mandatorily required to inform the public about all information that is available with the Minister about projects under their purview, three months prior to the project's commencement. Guidelines issued by the RTI Commission require ministries to publicly disclose a minimum standard of information regarding their public procurements. Section 9 of the Act does not require ministries to publish information through the publication of a report. It only takes the form of a notice to the public. This requirement could also be fulfilled by the publication of the above information via the e-government procurement system (www.PROMISE.lk).

36 Clause 8.8, Procurement Manual 2024, Goods, Works and Non-Consulting Services.

37 Section 8.10.2, Procurement Guidelines 2006, Goods, Works and Non-Consulting Services.

38 Tirathai Public Co. Ltd. and others v. CEB and others, SC/FR 108/2016 (Supreme Court of Sri Lanka), judgement delivered on 08 August 2016, at https://supremecourt.lk/?melsta_doc_download=1&doc_id=8d91b416-02da-451a-91b4-dbcac-9c3643c&filename=sc_fr_108_2016.pdf [last accessed 29 January 2025].

39 The Daily Times (2023), op. cit. Although procurement through www.PROMISE.lk is only for shopping tenders thus far, information only on procurement notices and award details for all procurements by the government are published on www.PROMISE.lk.

40 Department of Public Finance, 'PFD Circular No. 08/2019', 17 December 2019, at <https://www.treasury.gov.lk/api/file/042fd0ae-bb4c-479c-ac14-5e7170adc019> [last accessed 18 August 2024].

41 Department of Public Finance, 'PFD Circular No. 08/2019 (ii)', 08 February 2024, at <https://www.treasury.gov.lk/api/file/13280952-cfc9-4dbe-97e6-8dafddc06f7b> [last accessed 18 August 2024].

42 Guidelines issued by the Right to Information Commission in terms of Section 9(1)(b) of the Right to Information Act No. 12 of 2016.

The RTI Commission in accordance with the principle of maximum disclosure has on several occasions ordered the disclosure of procurement-related information. Most recently in *M.R.Y Riffay v Bank of Ceylon (BOC)*, the Commission ordered the Bank of Ceylon to disclose information pertaining to contracts awarded for the purchase of Automated Teller Machines (ATMS).⁴³ In *B. M. I. C. Gunawardena v Survey Department of Sri Lanka*, the Commission held that tender documents are not generally documents that are submitted in confidence, and that they may be disclosed after the tender had been awarded.⁴⁴ In *Native Way (Pvt) Ltd v. National Savings Bank*,⁴⁵ the Commission ordered the release of the evaluation report and in *Dialog Axiata v. Telecommunications Regulatory Commission of Sri Lanka (TRCSL)*,⁴⁶ the Commission ordered the disclosure of the final payment voucher along with evidence of a competitive bidding process.

Section 237 of the Private Sector Infrastructure Projects (B00/BOT/BOOT Projects) Revised Edition – January 1998 as amended by Public Finance Circular No. 02/2019, states that the processing of unsolicited proposals should adhere to procedures applicable to solicited proposals, the exception being a deviation from this requirement in cases of urgent and exceptional circumstances which require specific Cabinet approval. However, as the RTI Act applies to all public authorities which includes all ministries, the Office of the Cabinet of Ministers, the Prime Minister’s Office and the President’s office, the information disclosures required under Section 9 apply to both solicited and unsolicited procurement. This is recognised in the guidelines issued under the RTI Act, which obligate public authorities to disclose information regarding unsolicited procurement. It is pertinent to note that the law provides no exemption from proactive disclosure requirements in the case of government-to-government procurement.

43 *M.R.Y Riffay v. Bank of Ceylon (BOC)*, RTIC Appeal/05/2023 (RTI Commission of Sri Lanka) order delivered on 06 November 2024, at <https://www.rticommission.lk/web/images/pdf/Right-2024/05-2023.pdf> [last accessed 22 January 2025].

44 *B. M. I. C. Gunawardena v. Survey Department of Sri Lanka*, RTIC Appeal/104/2017 (RTI Commission of Sri Lanka) order delivered on 19 December 2017, at <https://www.rticommission.lk/web/images/pdf/31032018/b-m-i-c-gunawardena-all-3.pdf> [last accessed 22 January 2025]. In holding this the commission ordered the disclosure of a) The form of bid submitted b) The Bid Signatory Authorization document c) The past experience record of similar supplies (if any) d) The service centre/ technical division details (if any) e) The Company profile/ organization chart (if any) f) The Warranty and maintenance details / maintenance plan submitted g) The TEC report on GNSS receiver tender h) The Static observation files.

45 *Native Way (Pvt) Ltd v. National Savings Bank*, RTIC Appeal/1080/2019 (RTI Commission Sri Lanka) order delivered on 18 June 2019, at <https://rticommission.lk/web/images/pdf/08032020/rtic-1080-2019-en-08032020.pdf> [last accessed 22 January 2025].

46 *Dialog Axiata v. Telecommunications Regulatory Commission of Sri Lanka (TRCSL)*, RTIC Appeal/009/2018 (RTI Commission Sri Lanka) order delivered on 16 March 2018, at <https://www.rticommission.lk/web/images/pdf/07042018/rtic-Appeal-Revised-with-Summary-Dialog-Axiata.pdf> [last accessed 22 January 2025].

ANNEX III: FREQUENCY VS USEFULNESS METHOD TO VALUE PROCUREMENT INFORMATION

Frequency Method

The existing method of evaluating the value of information was set out in the text, as quantifying the number of red-flags for which the information field can be used for detection.

The equation for that would be as follows:

$$freq(f_i) = \sum_{j=1}^n \chi(f_i, fr_j)$$

Where:

$$\chi(f_i, fr_j) = \begin{cases} 1, & \text{if } f_i \subseteq fr_j \\ 0, & \text{otherwise} \end{cases}$$

The equation $freq(f_i)$ counts how many red-flags each information field appears in. Here, $\chi(f_i, fr_j)$ is a binary function that returns 1 if the information field f_i is relevant to the fr_j ($f_i \subseteq fr_j$), and 0 otherwise. Where fr_j is the set of information fields that are defined by the OCP guidance on red-flags as individually or in some combination necessary or sufficient to detect each red-flag r_j .

In other words, for every information field f_i , we add up all the "1" values across all n red-flags to determine its total frequency. This frequency tells us how commonly an information field is required among the set of red-flags.

Once the frequency $freq(f_i)$ is calculated for all information fields $f_i \in FR$, it is possible to value each information field by its frequency score.

This is achieved by selecting the information field with the maximum frequency value:

$$f_{max} = \max_{f_i \in FR} (freq(f_i))$$

While this method does provide a quantifiable value, this feature of absolute frequency of an information field, in sets of information relevant to identifying different red-flags, does not map to the relative usefulness of an information field in detecting red-flags that are not detectable in the contextual status quo of the information space.

Useful Method

This can be generalized where we start with two sets (1) set SQ this refers to "status quo" that is the current availability of the OCP information fields and (2) set SQ' which is the set of information fields not available. This would mean that $SQ \cup SQ' = FR$. Each information field in SQ' can be uniquely identified as p_a , where $a = \{1, 2, 3, \dots, (|FR| - |SQ|)\}$

Each red-flag (r_j), is represented by a binary-valued function. This function returns 1 if at least one predefined combination of the information fields in fr_j that can assess r_j is present in the current list of information fields published and returns 0 otherwise. We define d_j^k as one such combination of information fields that can assess the red-flag r_j , where $k = \{1, 2, 3, \dots, t\}$ and t is the total number of distinct information field combinations that can assess the red-flag r_j .

Each combination d_j^k must be a subset (or potentially the entire set) of the features in fr_j , formally:

$$\forall j, k, \quad d_j^k \subseteq fr_j$$

In other words, for each red-flag r_j , there are can be several subsets of fr_j (denoted as $d_j^1, d_j^2, d_j^3, \dots, d_j^t$ and the presence of any one of these subsets indicates that r_j can be assessed (yielding a value of 1). If none of these subsets are present, the assessment for r_j remains at 0.

Therefore, each red-flag r_j can be defined as:

$$r_j(SQ) = \begin{cases} 1, & \text{if } d_j^k \subseteq SQ, \\ 0, & \text{otherwise} \end{cases}$$

The total number of red-flags (TR) that can be assessed can be written as:

$$TR(SQ) = \sum_{j=0}^n r_j(SQ)$$

This is because the summation of the binary functions of r_j would result in the total number of red-flags that can be assessed based on the information fields currently published. This metric is the key indicator that is to be used to assess the usefulness of publishing additional information given the baseline as status quo.

The goal is to determine the optimal information field(s) to be additionally made available in order to maximize the total red-flag metric, TR .

The process involves systematically evaluating the incremental value added by different combinations of information fields from set SQ' when added to the set of already available information fields (set SQ). Specifically, the method aims to identify the set of information fields that, when disclosed, provide the highest increase in the TR , thereby quantifying the value of additional disclosure.

For each individual information field $p_a \in SQ'$, we consider adding it to SQ to form a new set:

$$\widehat{SQ} = SQ \cup \{p_a\}$$

We then measure the incremental increase in the total red-flag metric, defined as:

$$\Delta TR(p_a) = \sum_{j=0}^n r_j(SQ \cup \{p_a\}) - \sum_{j=0}^n r_j(SQ)$$

The above can be simplified as:

$$\Delta TR(p_a) = TR(SQ \cup \{p_a\}) - TR(SQ) = TR(\widehat{SQ}) - TR(SQ)$$

The value metric for choosing the best single field (p_a^*) is therefore:

$$p_a^* = \max_{p_a \in SQ'} (\Delta TR(p_a))$$

The above equation identifies the single field that provides the greatest increase in TR upon disclosure.

The method slightly differs when optimal combinations of information fields are considered instead of a single best field. For selecting the optimal set of g information fields (where $g = 2, 3, 4 \dots, |SQ'|$) from the set SQ' (that is a subset of SQ) which maximizes the TR . The process involves evaluating every possible combination (subset) of g information fields from SQ' and calculating the resulting TR . The combination that produces the highest TR is selected as the optimal set.

When selecting a single information field from set SQ' , the total number of possible combinations is simply the number of information fields in set SQ' , i.e. ($|SQ'|$). When selecting v (more than one), the number of possible combinations can be calculated using the combination formula:

$$h = \frac{|SQ'|!}{g! (|SQ'| - g)!}$$

This formula gives the number of combinations of g information fields that can be formed from a set of $|SQ|$ information fields.

Each possible combination size g , will be grouped as e_h . For each group e_h , we form the new $\widehat{SQ} = SQ \cup \{e_h\}$ set and the corresponding TR is calculated:

$$\Delta TR(e_h) = TR(\widehat{SQ}) - TR(SQ) = TR(SQ \cup \{e_h\}) - TR(SQ)$$

The e_h that results in the highest TR value is selected as the optimal combination to disclose:

$$e_h^* = \max_{e_h \in SQ'} (\Delta TR(e_h))$$

Weighting Red-Flags

The existing methodology assumes that each red-flag (r_j) holds is given equal importance in an evaluation process. However, in reality, certain red-flags may be considered more important to assess than others. To capture this variability in importance, we can assign a distinct weight (w_j), on some pre-defined linear scale, to each red-flag (r_j). This weighting system allows the methodology to prioritize information based on not simply the number of new red-flags that it can enable to assess, but to also consider their relative importance. This method allows more important red-flags to be prioritised over less important red-flags in deciding on the additional information fields to be made available. For instance, in Sri Lanka's context, the red-flag 'single bid received' may be given a higher weightage over 'Supplier does not have internet presence'.

This weighting system can be incorporated into our key metric (TR). The amended metric can be written as:

$$\widetilde{TR}(SQ) = \sum_{j=0}^n (r_j(SQ) * w_j)$$

We then modify the incremental increase in the weighted total red-flag metric as:

$$\Delta \widetilde{TR}(p_a) = \sum_{j=0}^n (r_j(SQ \cup \{p_a\}) * w_j) - \sum_{j=0}^n (r_j(SQ) * w_j)$$

The above can be simplified as:

$$\Delta TR(p_a) = \widetilde{TR}(SQ \cup \{p_a\}) - \widetilde{TR}(SQ) = \widetilde{TR}(\widehat{SQ}) - \widetilde{TR}(SQ)$$

The value metric for choosing the best single field (p_a^*) is therefore:

$$p_a^* = \max_{p_a \in SQ'} (\Delta \widetilde{TR}(p_a))$$

The same would apply when choosing the optimal combination to disclose:

$$e_h^* = \max_{e_h \in SQ'} (\Delta \widetilde{TR}(e_h))$$

For the purpose of this paper and analysis, we assigned equal weight to each red-flag to simplify the evaluation process.

ANNEX IV: INFORMATION FIELDS RANKED BY THE FREQUENCY METHOD

This annex provides the results of applying the frequency-based method of quantifying the value of information fields. The first column shows the number of red-flags for which each of the information fields is relevant based on the OCP mapping of information fields related to red-flags. The calculation method is described in Annex III.

Rank	Information Field	No. of Red-Flags Associated with Information Field
1	Winning bid OR Supplier ID	24
2	Tender Procurement method	20
3	Tenderers' ID	20
4	Tenderers' name	14
5	Tender bids ID	14
6	Tender procuring entity name/Buyer name	13
7	Tender items classification ID	13
8	Tender bids value	12
9	Tender bids value currency	12
10	Supplier name	12
11	Tender Items classification scheme	12
12	Bid status	11
13	Tender value	10
14	Award Items classification ID	9
15	Award Items classification scheme	9
16	Award value	8
17	Award date	7
18	Tender period end date	6
19	Tender value currency	6
20	Award value currency	6
21	Contract value	6
22	Tender period start date	5
23	Contract value currency	5
24	Tender documents - technical specifications	4
25	Contract amendments description	4
26	Tender items unit	4
27	Tender items qty	4
28	Tender documents - bidding documents	3
29	Tender bid opening date	3
30	Tender documents published date	3
31	Bid date	3

Rank	Information Field	No. of Red-Flags Associated with Information Field
32	Tender award criteria	3
33	Bid documents - evaluation reports	3
34	Supplier telephone	3
35	Supplier address	3
36	Supplier postal code	3
37	Award status	3
38	Subcontracting info	3
39	Award items unit	3
40	Award items qty	3
41	Planning documents - procurement plan	2
42	Planning budget	2
43	Tender documents - tender notice	2
44	Tender procurement method details	2
45	Number of tenderers	2
46	Contract signature date	2
47	Contract status	2
48	Tender documents - evaluation criteria	2
49	Contract documents	2
50	Contract amendment date	2
51	Award ID	2
52	Contracts implementation transactions amount	2
53	Contracts implementation transaction currency	2
54	Contract amendment rationale	2
55	Planning documents - planned procurement notice, market studies, feasibility study, project plan	1
56	Tender documents - eligibility criteria	1
57	Tender participation fees	1
58	Tender participation fees currency	1
59	Date	1
60	Tender description	1
61	Tender title	1
62	Tender procurement method rationale	1
63	Tender award period start date	1
64	Complaints date	1
65	Complaints description	1
66	Complaints documents	1

Rank	Information Field	No. of Red-Flags Associated with Information Field
67	Bid documents type= bidding documents	1
68	Tender enquiries date	1
69	Tender enquiries date answered	1
70	Tender enquiries answer	1
71	Buyer ID	1
72	Bid documents title	1
73	Bid documents description	1
74	Project official telephone	1
75	Project official address	1
76	Supplier email	1
77	Tenderer email	1
78	Tenderer telephone	1
79	Tenderer address	1
80	Project official postal code	1
81	Supplier URL	1
82	Tenderer postal code	1
83	Bids documents URL	1
84	Supplier region	1
85	OCID	1
86	Final audits	1
87	Contract award ID	1
88	Contract documents	1
89	Contract ID	1
90	Contract implementation delivery	1
91	Contract implementation milestones due date	1
92	Contract implementation milestones date met	1
93	Subcontracting percentage	1

ANNEX V: RED-FLAGS DETECTED IF INFORMATION WITH HIGHEST MARGINAL BENEFIT IS DISCLOSED

1. Failure to adequately advertise the request for bids or proposals
2. Key tender information and documents are not available
3. Failure to make bidding documents available to all bidders
4. Inappropriate evaluation criteria or procedures
5. Perennial losing bidders give appearance of legitimate competition when they have no intention of actually winning
6. Prevalence of joint bid patterns (consortia)
7. Potential bidders make agreements not to bid because of Collusion arrangements (Missing bidders)
8. Business similarities between bidders: common addresses, personnel, phone numbers, etc.
9. One or a few bidders win a disproportionate number of contracts of the same type
10. High market concentration
11. The same companies always bid, the same companies always win and the same companies always lose
12. Change orders issued after contract award, reducing or deleting item
13. Change orders issued after contract award, extending the line item requirements
14. Losing bidders are hired as subcontractors or suppliers
15. Prevalence of subcontracting



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