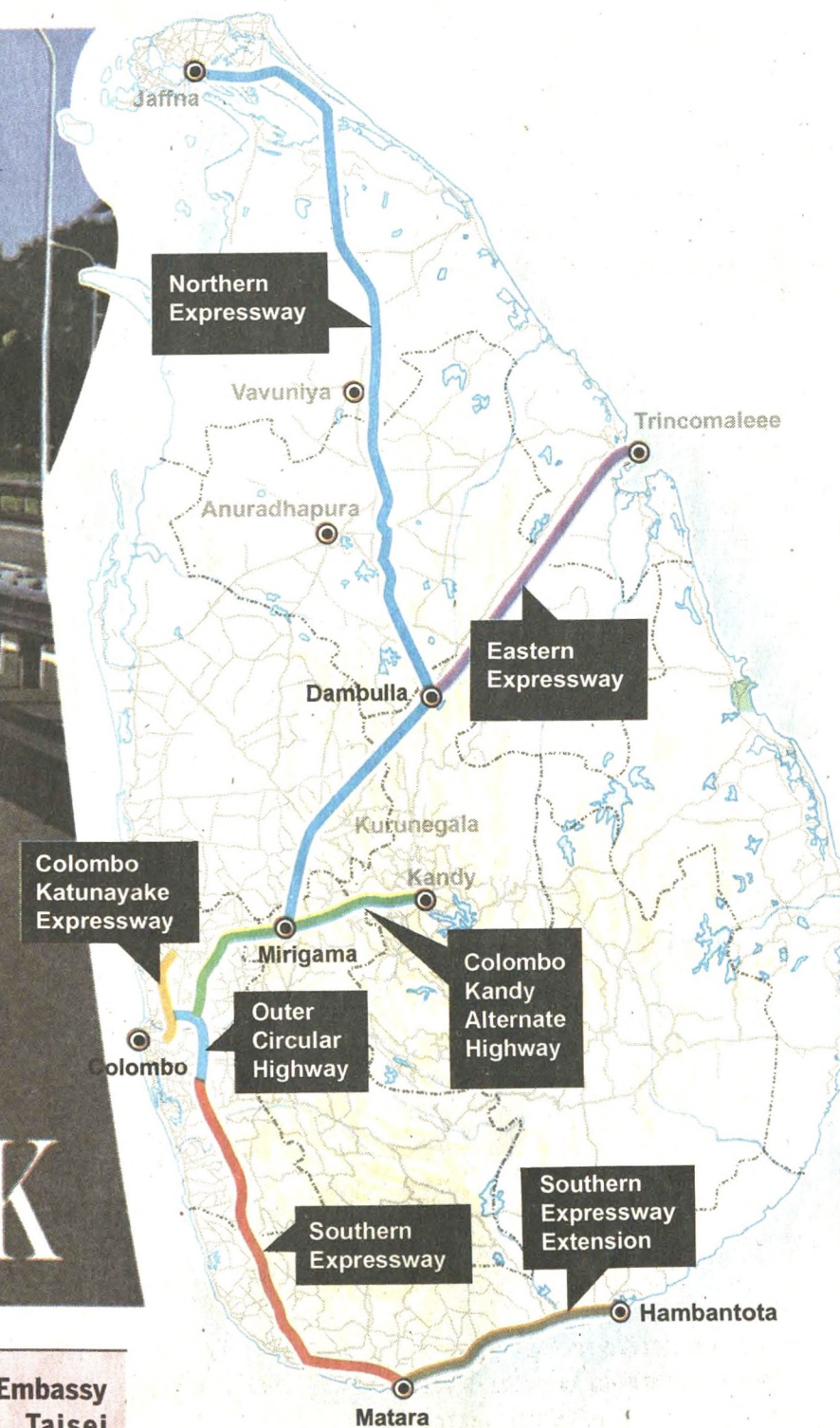
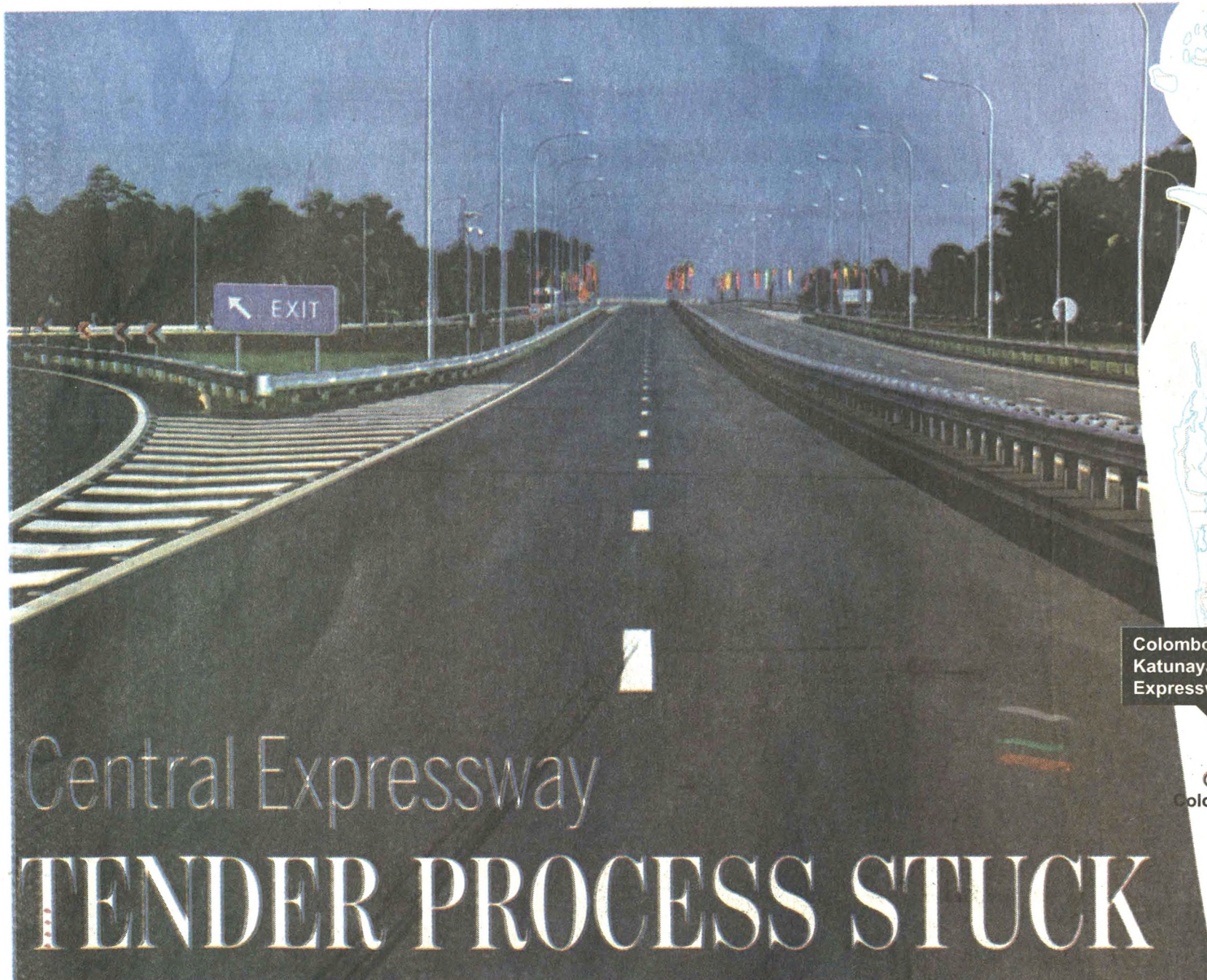




Central Expressway TENDER PROCESS STUCK

by Rukshana Rizwie

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For a long time, the Colombo-Katunayake Expressway (E03) has been touted as one of the most expensive highways Sri Lanka has built with nearly Rs. 1.8 billion spent on every kilometer of rock and rubble. The proposed Central Expressway connecting Kadawatha to Dambulla for which only the foundation has been laid, is estimated to cost a staggering Rs.4.3 billion per Km, i.e. Rs. 2.5 billion more than the E03. The construction of the Central Expressway, scheduled to be completed by 2019 has been divided into several sections: first stretch being Kadawatha to Mirigama (37.9km), Mirigama to Kurunegala (39.70km), and access road (9.7km) to Ambepussa, Pothuhara to Galagedara (32.50km) and Kurunegala to Dambulla (60.30km).

However, even before construction work can begin, there were serious allegations in the media of a contract being awarded to the Metallurgical Construction Company (MCC) of China for the first section, from Kadawatha to Mirigama, without a tender and at a higher cost than previously slated. It was in the local press that the government of Sri Lanka (GOSL) was in discussion with China's EXIM Bank to finance Rs.12 billion more for a project initially valued at Rs.146 billion.

Wasantha Darmasena, Director of the Japanese Division at the Department of External Resources at the Treasury, confirmed to the *Sunday Observer* that the government intended to borrow 1 billion USD for the expressway from the Bank of Tokyo-Mitsubishi UFJ. The loan will be provided on a 6-month London Interbank Offered Rate plus 0.95 percent for 15-years, with a grace period of six years.

Chairman, Road Development Authority, Nihal Suriyarachchi says, much of the allegations over the third section of the highway are unfounded. "The Cabinet took a decision to award the funding of the third section to the Japanese Bank and enlist Japanese contractors and consultants for this phase. I then wrote to the Japanese Ambassador to nominate names for tenders and he responded

with three names of contractors and consultants," Suriyarachchi said. "We gave them two months, but they said they wanted more time, so we gave them three more months. Thereafter, of the three construction companies, only one bid was handed over and there was no bid bond. Then we rejected it," he said.

The Japanese Embassy nominated Taisei Corporation, Penta Ocean Construction Co. Ltd, and Wakachiku Construction Co Ltd as contractors while Nippon Koei Co Ltd, Oriental Consultants Global Co Ltd and Katahira and Engineers International (Pvt) Ltd were nominated as consultants. Suriyarachchi said, he has conveyed the matter to the Cabinet, who are yet to advise on the way forward.

Project Director of the third section of the Expressway however, told the *Sunday Observer* that discussions were ongoing with Japanese counterparts to strike a deal. "There were minor issues, but much of it is being ironed out," V. S. Weerakoon, Project Director of the third section of the Expressway said. "We will be receiving funding from the Bank of Tokyo-Mitsubishi who has affirmed their commitment despite the issues," he said. When asked about claims over possible procedural flaws in the tender awarding process, he said that a decision had not been reached. "We are still going over bids and will

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reach a decision within the next two weeks," he said.

According to the Central Expressway website, land acquisition for this phase was supposed to start in September 2015 and completed by October 2016. The procurement of consultants was supposed to have been completed during the first quarter of this year and construction



should have started in August this year. "Part of the problem is, we have a fragmented system, where we have two Ministries - one for Highways and another for Transport, when ideally, if we were to complete a project of this calibre, we would need a cohesive approach, not Ministries working in isolation," a director at the RDA said.

"What we've ended up doing due to the absence of a committed

economic plan is dump money on projects without proper systems to evaluate the specific outcomes."

He added that there was a lack of coordination among stakeholders which was amplified by the lack of policy instruments to govern infrastructure developments. "There need to be a strategic shift, because these are not soft loans but money that we need to pay back on rigid terms."