

NATIONAL POLICY FRAMEWORK OF THE CONSTRUCTION INDUSTRY AND ITS IMPLEMENTATION MECHANISM

1. Introduction

Construction activities improved in 2024, due to the gradual rollout of new construction projects, stimulated by the conducive economic environment, compared to the contraction recorded in the previous year (Annual Economic Review, CBSL 2024). Signalling a rebound in industry-related activities, credit to the Industry sector (which accounts for 39.7% of outstanding credit) recorded a y-o-y growth of 8.4% by end 2024. Within this sector, credit to the construction subsector, which is the largest contributor to Industry activities, experienced a growth of 5.5%, y-o-y, indicating a gradual revival of construction-related activities following a long period of subdued activity. In particular, the construction sector is expected to record a steady growth, supported by lower interest rates, improved access to raw materials, and possible recommencement of donor-funded construction work and private sector and household constructions. The *Asian Development Outlook (ADO) April 2025* forecasts Sri Lanka's economic recovery to continue at a moderate pace—3.9% growth in 2025 (and 3.4% in 2026)—on the heels of the strong 5.0% rebound in 2024. The *World Bank's Sri Lanka Development Update (April 2025)* highlights that 2024 economic growth was significantly driven by industry—including construction—and tourism-related services, and that medium-term recovery hinges on maintaining macroeconomic stability, implementing structural reforms, and completing debt restructuring. The ADB is a leading regional development bank, and its forecasts (3.9% growth in 2025) show confidence in a continued recovery under improved economic conditions. The World Bank's Development Updates also provide detailed context—specifically pointing to construction and industrial sectors as key pillars of the 2024 rebound, and stressing that future growth is contingent on reforms, fiscal consolidation, and debt recovery.

GlobalData confirms that Sri Lanka's construction market size was around US\$10 billion in 2023, with expected growth of more than 5 % annually (2025–2028). Available data suggest that exports of construction-related professional services and labor remain modest compared to regional peers, though more detailed trade statistics would help substantiate this comparison fully. The *ASEAN+3 Regional Economic Outlook 2025* projects the region's construction sector to expand at an average rate of 4.3% per annum from 2025 to 2030, outpacing global growth of 3.2% during the same period. This growth is underpinned by strong macroeconomic fundamentals and domestic demand from a rapidly growing middle class. Business Lanka (EDB) confirms that Sri Lanka's expertise is recognized in specialized areas such as hydraulic-related construction, architecture, quantity surveying, and mechanical, electrical, and plumbing services. The country's proficiency in mini-hydro projects and green construction positions it well to export these services to regional markets.

The *Sri Lanka Country Private Sector Diagnostic* by the International Finance Corporation highlights the country's potential to develop "islands of excellence" in sectors like specialized manufacturing and IT-enabled services. By leveraging its skilled workforce and focusing on niche markets, Sri Lanka can enhance its competitiveness and meet international standards. While Asia's construction sector is projected to grow at an average rate of 4.5 percent per annum between 2025 and 2030, driven largely by India, China, Indonesia, Vietnam, and the Philippines, Sri Lanka can potentially carve out a strategic niche as a regional supplier of specialized professional services, skilled labor, and technologically

advanced contracting practices, particularly in South Asia, the Gulf, and East Africa — provided that competitiveness, productivity, quality, and compliance are upgraded to international benchmarks.

At present, the industry presents a mix of resilient strengths and persistent constraints that call for a decisive national policy response. Among its principal strengths are its high multiplier effect, large and flexible workforce, vibrant private-sector participation, and advantageous geographical location. Conversely, its key weaknesses include fragmentation of industry structure, reliance on informal labor, limited access to long-term finance, outdated codes and contracting systems, and weak institutional coordination. Major opportunities exist for sector expansion through climate-resilient infrastructure, digitalization, and growing regional demand for Sri Lankan consultancy and project management services, though these are tempered by threats posed by fiscal constraints, corruption, skills migration, and increasing competition from technologically advanced regional firms. It is therefore imperative to adopt a proactive and comprehensive national strategy capable of revitalizing the construction sector, restoring investor confidence, and positioning Sri Lanka more prominently in the global and regional construction arena.

This National Policy on the Construction Industry shall apply to the entire construction supply chain, encompassing both public and private sector actors. It identifies the key roles and responsibilities of sectoral stakeholders and line ministries whose own policies and mandates are harmonized with this Policy to ensure complementarity and coherence. Given the sector's wide-ranging linkages, its multi-stage operational processes, and the large number of institutions and practitioners involved, the construction industry constitutes a complex interactive matrix. Consequently, this Policy has been formulated to address all issues that directly or indirectly influence this matrix, thereby providing a structured framework for guiding national construction sector development.

This Policy is presented by the Hon Minister in charge of the subject of construction on the recommendation of the National Advisory Council on Construction and becomes effective upon the approval of the Cabinet of Ministers. It is formulated in accordance with the provisions of Subsection 2(1) of the Construction Industry Development Act, No. 33 of 2014.

Policy Context

The National Construction Policy applies to the entire construction industry involving both public and private sector stakeholders. It is intended to harmonize operations across all relevant ministries ~~in order~~ to deliver a coordinated and synergistic approach to national construction sector development. Within this framework, the ministry responsible for the subject of construction bears the overall responsibility for policy coordination, implementation, guideline development, and monitoring. The finance ministry governs fiscal strategies and procurement policy frameworks that directly affect budgeting and investment in construction activities. Ministries responsible for land, physical planning, and environmental management oversee land use regulations, spatial development planning, and environmental compliance requirements relevant to construction undertakings. The Ministry of Labour is charged with labour regulation, including employment standards, safety, and workforce protection. Ministries responsible for education, higher education, skills development, and vocational training address human resource planning and capacity building to support sectoral needs. The subject ministries of urban development, housing, water supply, and sanitation shape the construction norms relevant to public infrastructure and social service delivery sectors. Ministries handling power, energy, and telecommunications provide technical

standards for utility-related construction. Ministries overseeing transport, highways, ports, and airports are responsible for policy matters governing large-scale transport infrastructure projects. Ministries charged with coast conservation, irrigation, and flood control deal with physical resilience and environmental safeguards in construction, while the disaster management ministry defines standards for risk reduction and emergency preparedness. The policy thus seeks to align the activities and responsibilities of this diverse set of ministries to deliver a coherent national approach to construction industry development and regulation.

Local government authorities hold a pivotal role in streamlining the functions of the construction industry—from issuing licenses to manufacturers, enforcing planning and building codes, managing approvals and inspections, guiding land use and infrastructure provision, to ensuring transparent procurement even in small-scale projects through community-based organizations, free from political interference, while also shaping safe, green and high-quality public spaces. Ideally, and in line with national development and construction policy frameworks, LGAs should translate national priorities on resilience, sustainability, affordability, inclusivity and productivity into local plans, zoning and design standards, adopt digital permitting and data-driven compliance, and coordinate with central agencies to harmonize regulations, financing and delivery—yet in Sri Lanka, these expectations remain largely unmet as local authorities often function in isolation.

Legal Context

The Construction Industry Development Act, No. 33 of 2014, provides the principal statutory foundation for the formulation and implementation of the National Construction Policy. The Act establishes the National Advisory Council on Construction as the apex body for policy formulation and oversight, and creates the Construction Industry Development Authority (CIDA) as the national institution mandated to regulate, register, formalize, and standardize the construction sector. Under the provisions of the Act, CIDA is responsible for prescribing and enforcing industry standards, facilitating registration and grading of contractors and consultants, promoting capacity development, administering the Construction Industry Development Fund, and providing overall stewardship in the implementation of the National Construction Policy.

Despite the presence of this overarching legislative instrument, the current legal environment governing the construction industry remains highly fragmented, complex, and adhoc in nature. Numerous gazette notifications, ministerial circulars, and subsidiary regulations have been issued over different periods of time without sufficient coordination, resulting in overlaps, regulatory silences, ambiguities, and contradictions. Legal obligations are scattered across multiple enactments governing land use, environmental protection, labour, urban development, procurement, public finance, contracts, safety, and dispute resolution — often developed independently, without inclusivity or cohesive integration, and not always aligned to the practical realities of the industry. This makes the legal framework lengthy, bureaucratic, and costly to navigate for both public and private stakeholders.

The absence of a unified legal architecture has created considerable barriers to project implementation, slow approval processes, duplications in compliance, and increased transaction costs. Contractors and consultants must often comply with several parallel and sometimes outdated regulatory instruments which are inconsistent with emerging technologies, modern practices, and international standards. The lack of legal clarity and coherence adds uncertainty, undermines investor confidence, and perpetuates informal

workarounds in the industry. Consequently, a core purpose of this National Construction Policy is to drive legal and institutional harmonization — promoting greater clarity, simplification, inclusivity, and enforceability — while strengthening the role of CIDA as the lead agency for streamlined and modernized regulation of the construction sector in Sri Lanka.

Development Context

The construction industry plays a pivotal role in the country's development process because it provides the infrastructure that sustains all sectors of the economy. Its contributions are strongly felt when the sector operates in an efficient, cost-effective, and timely manner across its entire operational spectrum, from project formulation, appraisal, design, and procurement through construction, completion, and ultimately operation and maintenance of built facilities. The sector is characterized by a wide mix of actors, including informal individual craftsmen, small and medium contractors, and large-scale public and private sector organizations executing projects with varied levels of technology and size of investments ranging from locally-based traditional practices to highly sophisticated international systems. To remain development-relevant, the sector must accommodate rising expectations for cost efficiency, advanced technology, competent management, use of alternate materials, reliable quality assurance, sustainability, and integration across numerous sub-sectors such as transportation, housing, water supply, energy, health, and education. The long-term development effectiveness of the construction industry depends on its capacity to modernize operational processes while maintaining inclusive participation by all levels of stakeholders.

Socio-Economic Context

The construction sector is a significant contributor to Sri Lanka's economy, accounting for approximately 6.2% to 7.4% of the national GDP. As of 2020, it employed around 1.03 million individuals, representing about 7.5% of the total workforce (CIOB, 2023). However, it's important to note that the construction industry has faced challenges in recent years. Poverty increased the most in sectors that accounted for much of the jobs and earnings lost. For instance, poverty nearly doubled among households where the head of the household was employed in accommodation and food services and it increased by nearly 50 percent for those in the construction sector (Sri Lanka Development Update 2021, The World Bank). The sharp decline in government-funded infrastructure investment, combined with insufficient returns on past debt-financed mega projects, has significantly reduced sectoral cash flows and contributed to the wider national debt crisis. While the private sector dominates the construction market in terms of contractors and consultants, state-owned entities perform below expectations largely due to bureaucratic inertia, political interference, and poor corporate governance. The industry remains highly fragmented, largely informal, and insufficiently regulated, despite being a key barometer of economic activity. Numerous legal instruments, scattered gazette notifications, ad-hoc procedures and inconsistent decisions slow down project approval and implementation processes, contributing to overall inefficiency. Serious malpractices and challenges persist in relation to project formulation, procurement inefficiencies, inadequate project management practices, limited financial allocations, and widespread corruption and politicization. These conditions undermine investor confidence and compromise the quality, timeliness, and integrity of construction outputs. Simultaneously, the industry faces acute shortages of skilled workers, weak job security, inadequate worker welfare, and limited access to modern project formulation, design and management tools and digital technologies. Small and medium-scale entrepreneurs struggle to obtain

affordable finance which constrains fair competition and innovation. As the statutory body established under the Act, CIDA envisages addressing these problems through strategic leadership, regulatory strengthening, capacity development, and promotion of global goals and best practices in order to restore the industry's role as a catalyst for economic growth and national development.

Key stakeholders in the supply chain

The construction industry is characterized by a diverse and interdependent network of stakeholders who collectively form a complex supply chain and operational ecosystem. At the core are investors and project developers—including the government, private sector entities, multilateral agencies, and individual clients—who initiate demand for construction. Their requirements are translated into viable projects by specialized professional service providers, such as designers, planners, surveyors, architects, engineers, quantity surveyors, project managers, environmental specialists, legal and financial consultants. Project execution is undertaken by contractors, who range from large-scale companies to small and medium enterprises and community-based organizations (CBOs), supported by subcontractors, craftsmen, and skilled workers, who perform the day-to-day construction activities. Along the supply chain are manufacturers and suppliers of construction materials (cement, steel, aggregates, timber, finishing products), equipment suppliers and plant hirers, and transport and logistics providers, all of whom ensure the timely availability of inputs, machinery, and physical resources required for construction. Predominantly, the operational sphere are policy makers, regulators, and public agencies responsible for land, environment, procurement, labour, urban development, utilities, transport, finance, and disaster management, who provide approvals, enforce standards, and influence the operating environment. Academic and vocational training institutions, testing laboratories, and research organizations support innovation, skills development, and quality assurance, while professional bodies uphold ethics, accreditation, and best practices. Financial institutions, insurers, valuers, legal service providers, community groups, arbitrators, and end-users also play significant roles as enablers, risk managers, and beneficiaries. Accordingly, the construction industry operates in a highly interconnected and multi-layered matrix of stakeholders, each having a distinct influence on project success. Any viable National Construction Policy must therefore be holistic and comprehensive enough to harmonize expectations, reduce frictions, and effectively address the needs and impacts of this broad spectrum of stakeholders across the entire construction value chain.

Guiding Principles of the National Construction Policy

The policy framework for the construction industry is structured around the following overarching principles, which collectively aim to deliver a dynamic, future-ready, and globally competitive sector:

- **Align with national development priorities**, positioning construction as a strategic enabler of socio-economic transformation and regional equity.
- **Strengthen public–private–people partnerships**, encouraging joint investment, innovation, and risk-sharing in national infrastructure delivery while supporting ease of doing business and business model innovation.

- **Establish robust institutional coordination mechanisms**, with clearly-defined roles, mandates, and channels of collaboration across government agencies, local authorities, industry bodies and professional institutions.
- **Introduce effective monitoring, reporting, and performance evaluation systems** to ensure accountability, transparency, and evidence-based policy adjustments.
- **Guarantee compliance with legal and regulatory frameworks, codes of practice, and quality standards**, promoting integrity and professionalism across all industry players.
- **Embed environmental stewardship and climate-resilience**, ensuring construction practices promote sustainability, carbon-reduction, disaster resilience, and circular economy principles, all aligned with sustainable development goals.
- **Promote fair, equitable, competitive, and transparent procurement systems**, eliminating waste and corruption while increasing value for public expenditure.
- **Clearly define the role and strategic priorities of government**, including regulation, facilitation, asset management, capacity development, and long-term sector stewardship.
- **Elevate human capital opportunities for upward and lateral mobility through world-class training standards**, international certification pathways, and continuous skills development.
- **Promote adoption of modern technologies, digital innovations, and global best practices**, especially through technology transfer from international consultancy and contractor engagements, collaborative research and training programmes.
- **Expand exports of construction services**, positioning Sri Lanka as a hub for providing human resources in engineering, design, project management and implementation, and engagement of skilled labour in regional markets.
- **Promote a fair work place through prioritizing workforce welfare, health, safety, and inclusivity**, ensuring that the industry upholds high standards occupational health, and nourishment, accident prevention, social protection, gender equity, and overall well-being.
- **Foster a culture of research, innovation, ethical practices and zero tolerance for corruption** to deliver long-term confidence and sustainability in the sector.
- **Accelerate the digital transformation of industry processes**, including Building Information Modelling (BIM), e-procurement, demand forecast modeling, e-permitting, and data-driven decision-making and use of Artificial Intelligence (AI).

Vision

To build a dynamic, globally competitive, and ethically responsible construction industry that accelerates sustainable social and economic prosperity in Sri Lanka

Mission

To champion a unified policy framework that modernizes Sri Lanka's construction sector by upholding standards of excellence, innovation and resilience, with absolute transparency, zero tolerance for corruption, and an unwavering commitment to workforce welfare and wellbeing while promoting productivity, quality, sustainability, technology transfer, skilled human capital, robust institutions, and regulatory coherence, ensuring a vibrant and inclusive industry that delivers value to the nation, opens regional opportunities, and safeguards environmental, social and ethical standards.

Strategic Goals

1. To position the construction industry as a leading contributor to national development through efficient, timely and high-quality infrastructure and built assets.
2. To enhance competitiveness and integration with regional and global markets by strengthening productivity, sustainability, professionalism, innovation and export readiness.
3. To promote a transparent, accountable, and corruption-free operating environment through simplified regulations, digitalization, best practices and good governance.
4. To forge strong public-private partnerships and create an enabling investment climate that attracts long-term financing and stimulates domestic entrepreneurship.
5. To modernize legal, regulatory and institutional frameworks for cohesive, collaborative, inclusive and technology-friendly industry governance.
6. To facilitate skills/professional development, international certification avenues, and continuous capacity building to create a future-ready construction workforce with dignified working conditions and social protection.
7. To encourage sustainable construction practices that minimize environmental impacts, foster circularity, and build resilience to climate change and disasters.
8. To support a holistic construction ecosystem with strong forward and backward linkages, research and development, and enhanced local value-addition.

Policy No.	Policy Statement	Thrust Areas Covered	Objectives	Scope	Implementation Strategy
NPC 1	Construction development shall be aligned with national development framework to ensure strategic coherence and optimal infrastructure delivery.	National Development Alignment	Integrating construction into national physical planning	All national/ and regional projects	Integration with NPPD; policy coherence workshops, validation in project prioritization, clustering and slicing of projects into efficient work packages
NPC 2	All construction sector agencies shall operate within well-coordinated institutional arrangements to ensure efficiency and accountability.	Institutional Governance	Minimize role duplication; enhance synergy	Ministries, regulatory and enforcement agencies, PCs, LGAs	Inter-agency MoUs; capacity assessments; knowledge sharing, central arm of coordination and oversight
NPC 3	Sector performance shall be systematically monitored, enabling evidence-based, data driven planning and policy adjustments.	Monitoring & Performance	Build a sector performance dashboard with KPIs	Industry-wide, including SMEs	Construction Observatory, CIDA enforcement
NPC 4	Compliance with all applicable codes, regulations, and quality standards shall be mandatory across the construction sector.	Regulatory Compliance	Improve safety, quality, and accountability	Contractors, consultants, suppliers	Technical audits, CIDA technical and validation scheme via multi-disciplinary committees,

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					disseminate through knowledge sharing workshops
NPC 5	Procurement processes shall be transparent, efficient, and designed to maximize value for money and ensure equitable share in project participation.	Procurement Reform	Combat corruption; enhance cost-effectiveness, equitable share of opportunities	Government tendering processes	E-procurement, clusters in national grading system, CIDA validation committee on registration of firms, capacity building of relevant officers
NPC 6	Government officials involved in construction projects shall be jointly accountable for the timely delivery, budget adherence, and compliance with established quality standards.	Project Management; Quality Assurance; Financial Oversight	Ensure timely completion of projects; Maintain projects within approved budgets; Uphold quality standards and compliance; Promote transparency and accountability in project formulation, evaluation and execution.	All public construction projects, including local and foreign-funded.	Centrally coordinated arm of planning approval; Provincial oversight committees; Integrated monitoring systems: Linking performance evaluations and accountability measures to project outcomes.
NPC 7	Standardized contracts and robust governance frameworks shall be promoted to improve equitable allocation of risks.	Contracting Best Practices; Improving construction productivity	Speedy dispute resolution; Efficient use of public funds; Ensure timely settlement of payments;	Public/Private sector contracts, consultants, contractors,	International/local contract modalities, CIDA standards and protocols; Enforce

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			Reduce disputes and claims escalation; Reduce project delays	subcontractors, and suppliers	dispute boards for early resolution at project level; Train public officers in contract administration and dispute avoidance
NPC 8	Digital registry of construction service providers shall be maintained to ensure the right expert is deployed with accountability and transparency in all engagements.	Professional accountability; Public investment optimization; Inclusivity of emerging expertise	Ensure professionals work within competence; Prevent monopolies; Promote accountability in design, supervision & documentation; Optimize skill deployment; Recognize new expertise	All registered professionals & allied personnel, Public & private projects using public funds, Multi-disciplinary construction activities	National registry of qualified, allied and enlisted persons engaged in all consultancy Mandatory supervised engagement; Admit to purview under credential committee, Reporting & performance review; Codes of practice & training
NPC 9	Public private partnerships (PPP) shall be strengthened to leverage private capital, expertise, and innovation in infrastructure development	Public Private Partnerships (PPP) Facilitation	Expand PPP pipeline; reduce public fiscal burden	Large-scale infrastructure projects, public utilities, transport, energy, water, urban development and	PPP facilitation unit, model agreements, recognition of integrated firms

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				social infrastructure	
NPC 10	Entrepreneurship and private investment shall be actively encouraged across the construction value chain.	Investment & Business Incubation	Nurture new construction SMEs	Startups, SMEs, innovators	Business incubators, startup funds
NPC 11	Recognition of Prior Learning (RPL) shall be formally institutionalized to recognize experienced but uncertified construction workers.	Human capital; Inclusivity	Bring informal workforce into the formal system; Improve quality and safety.	Informal and semi-skilled construction workers.	National RPL guidelines; assessment centres; fast-track NVQ certification; linkage to registration, safety passport, up-skilling, onsite training, employment and insurance.
NPC 12	Permit controlled importation of foreign construction labour only when domestic capacity is insufficient, based on transparent thresholds and safeguards.	Labour market balance; Productivity	Protect local employment; Address critical skill shortages; Maintain project continuity.	All large-scale and time-bound construction projects.	Defining labour shortage thresholds; skills-based identification guidelines; time-bound work permits; mandatory skills transfer to locals.
NPC	Local skilled	Labor Management	Address domestic skilled	Domestic construction	National pool of construction

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13	construction labor shall be deployed strategically to meet domestic project needs and generate foreign exchange through regulated international labor mobility.	& Mobility; Workforce Development; International Labor Relations	labor shortages.2. Enable skilled labor export for foreign exchange.3. Ensure legal and safe foreign labor supplementation.	projects (public, private, foreign-funded) and overseas labor deployment.	craftsmen, Bilateral labor export agreements, Recruiting and regulating foreign labor for domestic projects, Training and certification programs for seasonal/ad hoc workers, Strong mechanism / procedure to take action against those who violate such regulations
NPC 14	Sri Lanka's construction services shall be promoted globally, with initiatives to develop export capabilities.	Export Promotion	Acquire high percentage of GDP via export services	Consultancy, skilled labor, modular exports	Global branding, accreditation, foreign trade commissioning Export facilitation desk; branding; financial guarantees; government-to-government support.
NPC 15	Sustainable green, and low carbon construction practices shall be promoted across all projects in order to be aligned with SDGs	Sustainable Construction, Green Building Practices, Climate Action	Reduce carbon footprint of construction activities, Promote resource efficiency and environmental responsibility, Align national construction practices with SDGs	All public and private construction projects, including buildings, infrastructure, and renovations	Promote green building standards and rating systems, Introduce incentives for low-carbon and energy-efficient construction, Mandate sustainability criteria in public procurement, Encourage use of renewable energy and energy-efficient technologies; Capacity building and awareness

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					programs for industry stakeholders; Monitoring and reporting of environmental performance indicators
NPC 16	Housing and infrastructure shall be designed and implemented to be climate-resilient and disaster-ready.	Resilient housing and Infrastructure	Reduce climate vulnerability	Coastal, flood, and critical zones	Resilient design codes and standards, hazard mapping, mandating circular business modalities at site and firm level
NPC 17	Disaster-induced impacts on buildings and infrastructure, shall be addressed through rapid damage assessment, resilient rebuilding, and long-term risk reduction.	Disaster resilience; Quality & safety; Governance	Minimise loss of life and assets; Ensure speedy and resilient reconstruction; Mainstream disaster risk reduction in construction.	Public and private buildings, infrastructure, post-disaster reconstruction projects nationwide.	Adopting build-back-better principles; re-building protocol, mandatory post-disaster audits; disaster-resilient design codes; dedicated reconstruction fund; inter-agency coordination under a lead authority.
NPC 18	Circularity in construction materials shall be promoted, with measures to reduce waste and support reuse and recycling.	Circular Economy	Divert C&D waste	Contractors, municipalities	Circular economy regulations, reuse centers; integrate C&D waste recycling under Clean Sri Lanka

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NPC 19	Safe and cost-effective local materials and local technology shall be prioritized to strengthen domestic supply chains.	Local Material and technology Promotion	Replace imports with locally procurable materials; Eliminate substandard and counterfeit materials Promote accredited, sustainable, and cost-effective supply chains Ensure timely availability of materials and equipment	Quarries, producers, labs	R&D incentives, SLS enforcement; Establish a national registry of approved suppliers and manufacturers under CIDA Enforce mandatory compliance with national/international standards; Promote digital traceability and certification for materials, Introduce incentives for sustainable/green materials; Penalize fraudulent, low-quality, or illegal suppliers
NPC 20	Occupational safety and worker health shall be promoted in all construction activities.	Safety & Occupational Health	Reduce fatalities, improve compliance	Workers, site supervisors, contractors	Safety passport, audits, toolbox training
NPC 21	Industry skill levels shall be enhanced and rewarded.	Human Capital Development	Expand the pool of certified workforce	Craftsmen, , supervisors, building inspectors	NVQ upgrades, Establish National Skill Standards and evaluation and certification mechanism RPL schemes, National pool of construction craftsmen, insurance scheme, audit and appraisal, code of practice, domestic service contracting, digital safety passport, National Construction

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					Awards scheme	
NPC 22	Ethics and integrity shall be upheld in all construction practices to foster trust and accountability	Professional Ethics	Combat and tame unethical incidents	Industry-wide	Ethics charter, code of practice, mandatory CPD, enforcement measures via CID Act	
NPC 23	Construction systems shall be digitalized to increase transparency, efficiency, and accountability.	Digital Transformation	Encourage working in shared platforms in public projects	Design, planning, approval bodies	QR-based permits, BIM mandates, e-inspection	
NPC 24	National research capacity shall be strengthened to support innovation and evidence-based policy in the construction sector	Research & Innovation	Disseminate industry research outcome among the site level performers	Universities, Research centers, professionals	Grants, incubators, knowledge platforms, central arm of research, collaboration with respective Universities and Technological institutions.	
NPC 25	Onsite dispute avoidance mechanism shall be institutionalized for the construction	Amicable settlement	Settle issues within a reasonable period of time	Contractors, implementing agencies, consultants	CIDA pool of mediation, site based dispute avoidance mechanisms.	

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	sector.				
NPC 26	Public awareness shall be raised regarding rights, responsibilities, safety, investment, and quality in construction.	Public Awareness & Education	Empower citizens to engage responsibly	General public, clients, communities	Campaigns, Construction Week, e-guides; CIDA information secretariat, bulletin of construction statistics
NPC 27	All construction projects shall incorporate proactive public engagement mechanisms, including consultations, site-based grievance management, whistleblowing channels, and transparent communication.	Public Engagement & Consultation; Social Safeguards; Project Transparency; Public Safety; Whistleblower Protection	Reduce and mitigate public disturbances (noise, vibration, traffic, safety risks). Provide accessible mechanisms for grievance redress, petitions, and whistleblowing; Ensure transparency in project implementation and procurement; Emphasis on public health, safety, and welfare.	All public and private construction projects, including mega infrastructure and foreign-funded programs.	Mandatory public hearings and community consultations before project commencement. On-site public liaison officers and grievance desks; Use of digital platforms for real-time public feedback; Grievance-handling; Regular monitoring; National pool of technical audits; Investigation on whistleblower findings.
NPC 28	The Government will curb illegal construction—including all unauthorized	Good governance and rule of law Sustainable building practices Social and environmental	Eliminate unauthorized and unsafe construction; Protect public lands and community assets Promote compliance with	Entire construction sector, including private developments, public lands, reservations, community spaces, and	Strengthen CIDA/local authority enforcement powers with monitoring and land-use mapping; Mandate pre-approvals and design reviews for all developments; Launch targeted

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	developments on public lands, reservations, and bare lands—by institutionalizing a design-led approach that ensures harmony, environmental protection, and public safety.	protection Orderly urban and rural development	planning and building laws; Foster a culture of lawful, design-led development	informal settlements	crackdowns on illegal encroachments with clear penalties; Regularize eligible minor structures under strict conditions, while removing unsafe and unlawful ones; Promote public education on the social and environmental costs of illegal construction	
NPC 29	A robust enforcement mechanism shall be established discipline in the construction sector, eliminate disarray and violations, and instill a culture of compliance and accountability across the built environment.	Strengthening quality and safety in project performance; Good governance and regulatory compliance; Sustainable building practices; Institutional modernization	Streamline enforcement of laws and regulations; Prevent non-adherence to standards; Foster accountability and fear of law; Ensure order, care, and sustainability in the built environment	Entire construction sector including contractors, consultants, craftsmen, developers, manufacturers, suppliers, and local authorities	Establish CIDA Enforcement Division with statutory powers; Introduce monitoring, licensing, and reporting systems; Coordinate with provincial and local authorities to harmonize enforcement; Enforce transparent penalties and dispute resolution; Build public awareness on compliance and responsibility	
NPC 30	Public sector construction-related entities shall be revived,	Institutional strengthening; Governance	Improve public sector delivery capacity; Reduce delays; Ensure	Ministries, departments, SOEs, regulatory and	Organisational restructuring; staffing with qualified personnel; asset and equipment upgrading; digital systems; performance-	

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	strengthened, and kept in a state of readiness to effectively support national rebuilding and development programmes.		accountability.	implementation agencies.	based KPIs.
NPC 31	Engagement of community-based organisations, agrarian societies, and cooperative societies in construction and reconstruction activities shall be promoted.	Inclusivity; Regional development	Generate local employment; Strengthen community ownership; Improve social outcomes.	Rural, housing, small and medium-scale public works.	Framework contracts; capacity building; simplified procurement; supervision by qualified personnel.
NPC 32	Overseas employment of construction workers shall be balanced with domestic sector requirements while facilitating remittances and	Labour mobility; Economic development	Retain critical skills locally; Benefit from global exposure.	Skilled construction workers seeking foreign employment.	Skill categorisation; returnee incentives; recognition of overseas experience; bilateral agreements.

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	inward transfer of skills.				
NPC 33	Ease of doing business in the construction sector shall be improved through financial incentives, including subsidies for approved digital and software tools.	Digitalisation; Productivity	Reduce transaction costs; Improve efficiency and transparency.	Contractors, consultants, manufacturers, SMEs.	Subsidised licences; tax incentives; approved software list; training and helpdesks.
NPC 34	A centrally coordinated, fully digital construction approval and permitting system shall be implemented.	Digital governance; Transparency	Reduce approval time; Eliminate duplication; Improve compliance.	Planning, environmental, utility, and building approvals.	Single-window digital platform; statutory timelines; interoperability among agencies; e-signatures.
NPC 35	Sustainable availability of construction materials shall be ensured through balanced demand–supply planning,	Supply chain resilience; Sustainability	Prevent shortages and price volatility; Encourage innovation.	Local manufacturers, importers, public and private projects.	National material demand forecasting; incentives for local manufacturing; material banks; alternative material approvals.

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	support to manufacturers, and adoption of alternative materials.				
NPC 36	Value engineering, recycling, reuse of demolished materials, and circular business models in construction shall be promoted.	Circular economy; Sustainability	Reduce waste; Lower lifecycle costs; Create green businesses.	Demolition, renovation, and new construction projects.	Mandatory waste management plans; authorised dumping yards; recycled material standards; PPP-based circular enterprises.
NPC 37	Benefit-sharing mechanisms shall be introduced to incentivise circular construction practices.	Sustainability; Innovation	Encourage private investment; Share economic gains.	Projects adopting recycling and reuse.	Tax rebates; carbon credits; shared savings clauses in contracts.
NPC 38	Simplified, user-friendly versions of construction standards shall be provided for site-level and shop-floor application.	Quality assurance; Capacity building	Improve compliance; Reduce defects.	Craftsmen, supervisors, SMEs.	Pictorial guides; trade-wise manuals; multilingual dissemination; toolbox training.

Policy No.	Policy Statement	Thrust Areas Covered	Objectives	Scope	Implementation Strategy
NPC 39	Importation of inferior-quality construction materials shall be prevented through mandatory gazetted standards and strict border controls.	Quality; Consumer protection	Protect public safety; Safeguard local industry.	All imported construction materials and products.	Gazette mandatory standards; pre-shipment certification; random testing; penalties for non-compliance.
NPC 40	Access to appropriate banking and financial facilities for construction sector stakeholders shall be ensured.	Financial resilience; SME development	Improve cash flow; Reduce project risk.	Contractors, suppliers, professionals, craftsmen.	Dedicated construction banking products; performance bond reforms; invoice financing.
NPC 41	True competitive bidding shall be ensured by removing unnecessary restrictive pre-qualification requirements and fostering fair competition.	Governance; Market efficiency	Reduce costs; Improve value for money.	Public procurement of construction works and services.	Standardised PQ criteria; proportional requirements; independent oversight; e-procurement.
NPC 42	Unauthorised	Regulation;	Improve compliance;	All construction	Mandatory engagement of

Policy No.	Policy Statement	Thrust Areas Covered	Objectives	Scope	Implementation Strategy
	construction shall be eliminated, and deployment of qualified persons shall be ensured, while legal pathways shall be provided for others to practise within defined technical thresholds	Inclusivity; Safety	Avoid exclusion; Enhance safety.	activities nationwide.	qualified persons; graded licensing; supervised practice pathways; enforcement by CIDA and local authorities.
NPC 43	Use of national and approved internal standards in design approvals and construction execution shall be mandated.	Standardisation; Quality	Ensure consistency; Reduce disputes.	Public and private sector projects.	Approved standards register; compliance audits; training of approving officers.
NPC44	A centralized construction database shall be established to enhance regulatory efficiency, accountability, and informed policy	Digital regulatory transformation; governance and transparency; construction productivity and competitiveness; research and	Establish a single national data source; support statutory and regulatory functions; improve transparency and compliance; enable evidence-based planning and investment;	Contractors, consultants, craftsmen, firms, and professionals; public and private construction projects; materials, plant, equipment, and technologies; productivity, cost, and performance data; safety,	Assign CIDA as database custodian; develop a secure and scalable digital platform; link data submission to registration, approvals, and renewals; integrate with key government systems; apply

Policy No.	Policy Statement	Thrust Areas Covered		Objectives	Scope	Implementation Strategy
	formulation.	knowledge management; sustainable construction development	promote research and skills development	quality, and compliance records; research and sustainability information; national, provincial, and district data		data governance and cybersecurity controls; provide analytics and reporting tools; validate and update data regularly
NPC45	Construction-related information shall be communicated through coordinated, accurate, and transparent media systems to support good governance, public confidence, workforce development, and evidence-based decision-making.	Transparency and public accountability; regulatory communication and compliance; safety and risk awareness; skills and workforce promotion; research and knowledge dissemination; digital governance and open data	Improve public understanding of construction projects and investments; strengthen compliance with standards and regulations; promote safety culture and risk awareness; enhance attractiveness of construction careers; disseminate research, innovation, and best practices; counter misinformation and manage public concerns	Public and private construction projects; contractors, consultants, craftsmen, and professionals; regulatory authorities and public agencies; training and research institutions; media organizations and digital platforms; general public and affected communities		Designate CIDA as the sector media focal point; establish coordinated communication protocols with government information agencies; integrate media outputs with national construction databases and digital dashboards; issue standardized guidelines for project disclosures, safety alerts, and regulatory announcements; monitor media effectiveness and public feedback
NPC46	Technical auditing shall be institutionalized to ensure quality,	Quality assurance and standards compliance; public financial accountability; risk	Ensure compliance with approved designs, specifications, and standards; verify quality,	Public and private construction projects of national, provincial, and strategic importance;		Establish national pool of technical auditors, define audit scope, methodologies, and reporting standards;

Policy No.	Policy Statement	Thrust Areas Covered		Objectives	Scope	Implementation Strategy
	safety, value for money, and accountability in public project delivery.	management and safety; productivity and value for money; governance and transparency	quantities, costs, and timelines; identify technical, contractual, and safety risks early; support corrective action and dispute avoidance; strengthen confidence in public investments	contractors, consultants, suppliers, and project management entities; government agencies and statutory authorities; funded projects using public or concessional financing		integrate audits across planning, design, construction, and post-completion stages; link audit findings to enforcement, corrective action, and learning systems

Conclusion and Way Forward

The National Construction Policy (NPC) represents a comprehensive framework to guide Sri Lanka's construction sector into a sustainable, efficient, and globally competitive future. Through the integration of governance reforms, public-private collaboration, human capital development, sustainability measures, digital transformation, and public engagement, this policy establishes a unified vision for the sector's growth over the coming decades.

The NPC recognizes that construction is a critical driver of economic development, social well-being, and environmental stewardship. By institutionalizing robust regulatory mechanisms, strengthening monitoring and performance systems, and promoting ethical, safe, and high-quality construction practices, the policy ensures that every project contributes meaningfully to national development goals.

The inclusion of initiatives under Clean Sri Lanka reflects a commitment to environmental responsibility, public hygiene, and circularity in construction. Programs on waste reduction, green building practices, resilient urban infrastructure, and public sanitation campaigns demonstrate how the construction sector can lead the country toward sustainable and inclusive development.

Key elements of the NPC—such as skill development, certification of workforce, entrepreneurship incubation, and digital transformation—prepare the industry to meet future challenges while embracing innovation and global best practices. By fostering collaboration across public institutions, private enterprises, and local communities, the policy emphasizes collective ownership of the sector's progress.

The successful implementation of this policy will require sustained political will, proactive engagement of stakeholders, and continuous monitoring to adapt to emerging challenges. It calls on all actors—government agencies, contractors, professional institutions, and citizens—to uphold the principles outlined herein, ensuring that construction in Sri Lanka becomes a model of efficiency, safety, sustainability, and social responsibility.

In conclusion, the National Policy Framework of the Construction Industry is not merely a set of directives—it is a roadmap for transforming Sri Lanka's construction sector into a resilient, innovative, and environmentally responsible engine of national development, contributing to the well-being of current and future generations.