

**PROVINCIAL AND RURAL INFRASTRUCTURE PROJECT
GOOD GOVERNANCE FRAMEWORK, Updated as of 30 June 2010**
(For abbreviations, see last page)

Item	Issues	Action to Mitigate Risk	Responsibility	Target/ Monitoring	Implementation Status as of 30 June 2010 and Evidence	Remaining Steps, Target Date & Resources Needed	Remarks
Element 1. Procurement							
1.a	Ensure transparent and efficient procurement.	<p>RGC uses the services of an International Procurement Agent (IPA) engaged by MEF. For procurement undertaken by the IPA, MPWT shall prepare technical specifications for goods and works and TOR for consultants and hand over to the IPA.</p> <p>1) Civil Work <u>NCB Packages</u></p> <ul style="list-style-type: none"> ▪ PRIP-CKP-09-NCB-W-001 SRP: one RC bridge on PR207 and two box culverts on SNR65 ▪ PRIP-CKP-09-NCB-W-002 ODM: two RC bridges and one RC on PR181-1 and one RC bridge on PR181-3 ▪ PRIP-CKP-09-NCB-W-003 PVH: one RC bridge on PR213 <p><u>ICB Package</u></p> <ul style="list-style-type: none"> ▪ PVH: road of PR213 from Rovieng to Chheb <p>2) Goods</p> <ul style="list-style-type: none"> ▪ Additional Office Equipment ▪ Six Units of Air Conditioning <p>3) Consultant Services</p> <ul style="list-style-type: none"> ▪ Inform. & Participation-mines/UXO 	IPA	Supervision of IPA by the RGC's Inter-Ministerial Procurement Committee (IPC). IDA to verify through quarterly portfolio review meetings and IDA prior and post reviews.	<p>Withdrew procurement packages from CA to CKP</p> <p>Provided all Technical Input to CKP</p> <p>BERs were approved by WB on 10 May 10</p> <p>Three packages were signed on 17 June 10</p> <p>BD was approved</p> <p>CKP submitted BER to PRIP</p> <p>The contracts was signed on 17 Feb 10</p> <p>TOR was approved by IDA</p> <p>EOI was already issued on 31 Dec 09</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Clarification on re-evaluation Completed</p> <p>Contract negotiation</p>	<p>Letter No.6769MEF DIC</p> <p>Letter No.723/MPWT/RID/PRIP</p> <p>Signed contracts</p> <p>NOL letter on BD 09-Mar-10 CKP's letter 26-May-10</p> <p>Signed contract</p>

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		<p>RGC Funds</p> <ul style="list-style-type: none"> ▪ CS4: Feasibility Study and Detailed Design of Road 21 <p>Procurement of contracts under item (i) and (ii) may be undertaken by MPWT</p>	MPWT		Contract was signed on 14 October 2009	Completed	Signed contract
1.b	Reduce risk of informal payments by contractors, suppliers and consultants	<p>Additional provisions to be included in the Invitation for Bids advertisements and in the bidding documents for ICB procurement, along the same lines as in the SBDs for NCB and Shopping in RGC's Procurement Manual, highlighting WB's fraud and corruption provisions and sanctions, and also providing points of contact within the Project, Ministry of Finance and the Bank, including hotlines at the Project's and Bank's HQs, for complaints.</p> <p>All contractors, suppliers and consultants – firms or individuals, national and international – bidding for contracts under the project shall sign the Declaration on Ethical Conduct and Fraud and Corruption in the SOP/PM. Amend item 5 of the Declaration to read:</p> <p>"In connection with this procurement exercise and any contract that is awarded to us as a result thereof, no payments have been made or will be made by us, our associates, agents, shareholders, partners or their relatives or associates to any of the staff, associates, consultants, employees or relatives of such who are involved with the procurement process, contract implementation, and the issuance of progress payments on behalf of the purchaser, client or employer."</p> <p>Include amended Declaration in all bidding documents, RFPs and awarded contracts.</p>	IPA with MPWT on contracts excluded from IPA's scope (if any).	MPWT to monitor inclusion of declaration in all bidding documents and awarded contracts. IDA to verify during prior and post reviews.	<p>Ongoing (included in the contract).</p> <p>Declarations on the Ethical Conduct and Fraud and Corruption in the SOP/PM were signed by PRC members and posted in the project's website www.rid-mpwt.gov.kh</p> <ul style="list-style-type: none"> ▪ SECFC – PA ▪ SECFC – CS1 ▪ SECFC – CS2 ▪ SECFC – CS3 ▪ SECFC – CS4 ▪ SECFC – CAKH008 ▪ SECFC – APM 	Completed	Uploaded to website, Feb 2010

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		IPA and the Project, with support from IDA, to conduct dissemination workshops for private sector contractors on the Bank's procurement procedures and ethical and integrity standards.	IPA and MPWT with IDA's support.	Timetable to be agreed between MPWT and IDA procurement specialist by August 2009.	The first workshop took place on July 31, 2009. The second workshop took place in June 2010	Possible need for further workshops is under review between MEF and WB.	
1.c	Avoid risk of incomplete or delayed Procurement Plans.	MPWT to prepare realistic annual Procurement Plan based on its Annual Work Plan and Budget, and update at least annually. MPWT to submit preliminary updated estimates of expenditure to MEF and IDA annually in June (for MEF budget estimates), preliminary updated Procurement Plan by September and final updated Procurement Plan by December.	MPWT with IDA NOL.	MPWT to monitor compliance and IDA to verify during supervision missions and when issuing NOL.	Revised Procurement Plan submitted to IDA on October 30, 2009.	Completed	IDA's letter dated January 06, 2010
Element 2. Financial Management							
2.a	Strengthen internal controls.	Ensure that project uses SOP/FMM.	PRIP Financial Management Officer	MPWT to monitor and IDA to verify during supervision missions.	Since the starting of the project.	Ongoing	No significant non-compliance noted from the recent annual financial audit for FY 2008.
2.b	Strengthen FM capacity at national level.	MPWT to hire additional FM consultant.	MPWT	Done – consultant appointed November 2008.	Backlog of FM reporting in 2008 has been cleared.	None.	
2.c	Strengthen external audit.	MEF to appoint auditor for bundled IDA-financed projects. MPWT to review external audit reports, develop an action plan to implement recommendations, follow up the status of their implementation, and report to IDA through the quarterly financial reports.	MEF with IDA NOL to TOR. MPWT	TOR agreed with IDA in mid-2008. Not more than one month after MPWT receives the annual audit report.	The bundled audit contract was signed in late May 2009. Audit of 2008 accounts of PRIP completed on 9 July 2009. MPWT sent the audit reports to IDA for comment and posted in the project's website.	Ongoing None	Audit reports for FY 2005 to 2008 have been uploaded to website

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					MPWT developed the action plan and incorporated in Progress and Financial Monitoring Report of Q3, 2009. Audit of 2009 accounts of PRIP completed and submit to IDA on 30 June 2010.	None Will be posted in project website in July 2010	Progress Report and FMR Report uploaded to website
2.d	Minimize cash transactions	All progress payments to contractors, suppliers and consultants – firms, individuals, national and international – to be made by check or transfer to bank accounts. Each cash transaction not to exceed US\$500 limit as per SOP/FMM. Retain evidence for audit and IDA supervision missions.	PRIP Financial Management Officer.	MPWT to monitor as part of the scope of internal and external audits. IDA to verify during supervision missions.	Since the starting of the project.	Ongoing.	
2.e	Eliminate inconsistency in allowances paid to Government staff attending training, workshops and study tours.	Adopt MEF Decision Letter No. 2000 of April 23, 2007, for DSA rates for in-country travel. For international travel, some of the Daily Subsistence Allowance (DSA) rates specified in Anukret 10 of April 12, 2004 are position-based and/or higher than UN norms and are not acceptable to IDA for application on IDA-financed projects.	MPWT/Project.	MEF/IDA to discuss and agree standard DSA for international travel. Until then, DSA reimbursed by IDA will be limited to a ceiling equal to rates paid by IDA to its own staff. MPWT to monitor DSA reimbursement claims and IDA to verify when checking withdrawal applications.	Since the starting of the project.	The Council for Administrative Reform is currently reviewing Anukret 10 in respect of DSA for national travel.	
2.f	Planning of training, workshops and study tours.	MPWT to Establish Annual Training and Workshop Plan as part of the Annual Work Plan (AWP) but discretely identifiable. MPWT will review regularly and update semi-annually. Plan should include: 1. Detailed costs estimates.	MPWT, subject to IDA NOL.	Submit to IDA annually along with AWP, with semi-annual updates submitted together with quarterly financial reports.	Since the starting of the project, the training program was based on NOL of IDA. Since the starting of project implementation	Guidelines are under preparation through the Public Financial Management Reform Program. A draft is expected during early 2010 and will be reviewed	

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					satisfactorily resolved after discussion between WB and MPWT		
2.g	Avoid delayed or non-existent reconciliation of advances for operating costs and expenses.	Advances for operating costs and expenses to offices, individuals or groups involved in project to be reconciled within one month of the end of each month. No further advance to be paid to an office, individual or group until its previous advance is reconciled and cleared against documentary evidence	PRIP Financial Management Officer.	MPWT to monitor compliance and IDA to verify during supervision missions.	Since the starting of the project.	Ongoing	
Element 3. Disclosure							
3.a	Minimize possible conflict of interest among project staff.	Project staff to disclose in writing to Project Director any potential conflict of interest in their work and withdraw from an activity where a conflict of interest would arise.	Project Director.	MPWT to monitor and IDA to verify during supervision missions.	Agreed in principle. IDA supplied typical form for disclosure February 24, 2010.	MPWT to arrange all PRIP staff to complete a form and keep on file.	Will be completed in August 2010 due to administration reform.
3.b	Enhance transparency through greater public disclosure of project information	<p>Agree project information to be disclosed biannually on MPWT website, with hard copies available for public inspection on request. As a minimum, disclosed information is expected to include:</p> <p><i>General:</i> project name, objectives, original and revised amount, sources of funding, effectiveness date, original closing date, revised closing date, number of extensions, name and address of IA, name of Project Director with contact information, name of the IDA Task Team Leader and contact information in the MEF-WB unit and WB Office in Cambodia; details of project components, percentage completion, data on performance indicators; project quarterly progress reports; planned and actual disbursements by</p>	MPWT with IDA agreement to list.	MPWT to monitor disclosure and IDA to verify during supervision missions.	<p>All relevant information involved with 3.b are included in Progress and Financial Monitoring Reports since the starting of the project.</p> <p>MPWT issued the PRAKAS No. 425 dated 19th November 2008 to establish the committee for project information disclosure.</p> <p>PRIP MPWT has improved menu and links, and add introduction on home page to guide visitors on where to find specific information.</p>	On going: MPWT will upload and disclose new information regularly or every quarter. Substantial further information uploaded since last review in October 2009.	MPWT website was established since 2005 and restarted in 2008

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		<p>sub component; annual financial statements and audit opinion; other specific reports prepared by the project; complaints and remedies mechanism; code of ethical conduct; official fees and charges for service delivery;</p> <p><i>Procurement Related:</i> Annual Work Plan and Procurement Plan, identifying contracts to be procured in next 12 months, nature of each contract, location, method of procurement, means of advertisement, bidding period, location where bidding documents and RFPs can be inspected, expected date of availability, and cost of bidding documents; consultant long and short lists; issued bidding documents and RFP's to be available for public viewing upon request; Copies of Bid Opening Records to be provided immediately to all bidders and those present at the bid opening and posted at a prominent location accessible to the general public outside the Project Office, in addition to being sent promptly to the Bank. Contract award information using the forms provided in the Procurement Manual and consistent with WB's Guidelines, including bid and contract prices, unit prices of major items of pipes and fixtures, names of losing bidders</p>	<p>IPA to disclose procurement information on MEF website on contracts that it procures.</p>		<p>There is a link from the project website to MPWT's website.</p> <p><u>New website: www.rid-mpwt.gov.kh</u></p> <p>Updated Procurement Plan was approved by IDA on January 06, 2010</p>	<p>Substantially completed</p>	<p>Uploading to website commenced January 2010.</p>

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		and, if their bid prices were lower than the winning bidder, the reason for their rejection. In addition to the required publication of each contract award information in UNDB/ DgMarket, the same information to also be posted at a prominent location outside the Project Office within 14 days of WB's no objection to the bid evaluation report, and quarterly summaries of contract awards to also be published in national newspaper of wide circulation.					
Element 4. Civil Society Role							
4.a	Provide for greater involvement by Civil Society Organizations (CSOs) to enhance transparency.	Project to identify CSOs appropriate to be involved in selected aspects of project implementation. Invite representatives to observe selected events, such as public bid openings and contract signings (as per SOP/PM), ground braking and completion handover ceremonies.	PRIP Project Director. Choice of CSOs subject to MEF concurrence.	Project to observe and record CSO involvement and IDA to verify during supervision missions.	Media/Reporter will be invited to monitor civil works process MPWT issued letter No 2014 and 2015 dated 05 th September 2008 to Royal University of Law and Economic Sciences, and National University of Management asking for cooperation on observation and involvement on procurement works. They did not response.	TVK Reporter will be invited.	Beginning with next major event.
Element 5. Complaints and Remedies Mechanism							
5.a	Provide overall complaints and remedies mechanism covering all aspects of the project.	MPWT/Project to design and adopt an overall complaints and remedies mechanism and disclose full details to civil society.	MPWT/Project with IDA NOL.	MPWT to monitor adoption and IDA to verify during supervision missions.	Sign board designed with names and phone numbers of officers to whom complaints should be made. MPWT developed and submit a basic framework of complaints	Sign board will be installed at Project Sites. The revised mechanism will be sent to IDA in July	Install sign boards and upload mechanism to website by August 2010.

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		Complaints procedures regarding procurement to follow process set out in SOP/PM.	MPWT/IPA/ Project.		mechanism to IDA on 21 April 2010 Sample of Complain Log Book will be provided by IDA	2010 Complaints will be recorded in the log book	Daily basis.
Element 6. Code of Ethical Conduct							
6.a	Require all PRIP staff to adhere to a Code of Ethical Conduct.	All project staff of MPWT to adopt Code of Conduct forming part of Common Statute of Civil Servants of October 1994.	PRIP Project Director to ensure dissemination to project staff.	MPWT to monitor compliance with Code. IDA to verify during supervision missions.	Agreed to implement anti-corruption actions on 11 July 2006 (see letter No 1382 MPWT).	Completed	
Element 7. Sanctions							
7.a	Reinforce Code of Ethical Conduct with sanctions for fraudulent and corrupt activity by project staff, contractors, suppliers and consultants.	Sanctions for project staff are included in the Civil Service Code of 1994. Sanction of dismissal of contract staff included in their contracts. Sanctions against contractors, suppliers and consultants will be those defined in Section 3 of the SOP/PM. IDA to apply sanctions available in its general and project-specific legal agreements, including the WB Group's Anti-corruption Guidelines (ACG) and Sanctions Regime issued in October 2006, and as may be subsequently updated.	PRIP to ensure dissemination to project staff. IDA to provide MPWT with a copy of its ACG and Sanctions Regime.	MPWT to monitor compliance with Code. IDA to verify during supervision missions. IDA may apply sanctions whenever evidence is found.	Agreed to implement anti-corruption actions on 11 July 2006 (see letter No 1382 MPWT). Common Statute of Civil Servants were disseminated to all PRIP staff November 30, 2009 IDA gave a copy of its ACG to the Project Director in May 2009.	Completed	Uploaded to website December 2009.
Element 8. Project Specific Issues							
8.a	Risk of poor quality finished works.	PRIP to recruit a part-time experienced individual consultant as independent technical audit under TOR acceptable to the IDA, who will review the quality and quantity of all physical works delivered by the Project, with reference to contract specifications and achievement of the Project Development Objectives.	MPWT to prepare TOR for IDA NOL. IPA to recruit technical auditor	Consultant contract to be signed by September 2010.	The selection of technical auditor is including in the procurement plan, processing by IPA. TOR was finalized on 16 March 2010. EOI was advertised on 19 March 2010.	Target for signing contract will be in September 2010.	

ABBREVIATIONS

ACG	Anti-Corruption Guidelines (of the WB Group)	MPWT	Ministry of Public Works and Transport
AWP	Annual Work Plan	NCB	National Competitive Bidding
CSO	Civil Society Organization	NOL	No Objection Letter (of the IDA/WB)
DSA	Daily Subsistence Allowance	PM	Procurement Manual (for Externally Assisted Projects)
FMM	Financial Management Manual (for Externally Assisted Projects)	RFP	Request for Proposal
IA	Internal Auditor	RGC	Royal Government of Cambodia
IAD	Internal Audit Department (of MPWT)	SOE	Statement of Expenses
IDA	International Development Association	SOP	Standard Operating Procedures
IPA	International Procurement agent	TOR	Terms of Reference
MEF	Ministry of Economy and Finance	WB	World Bank