

# Ministry of Public Works and Transport Kingdom of Cambodia

PROVINCIAL AND RURAL INFRASTRUCTURE PROJECT (PRIP)  
(PHRD GRANT NO. TF 056974)

EXECUTIVE SUMMARY (CS-2)

OF

CAPACITY BUILDING PROJECT ON PROCUREMENT AND  
GOOD GOVERNANCE ACTION PLAN IMPLEMENTATION  
FOR MPWT AND MRD



*"Inauguration of Training Sessions on Procurement and GGF by H. E. Dr. Lim Sidenine, Secretary of State, MPWT"*



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## Table of Contents

1.0	Preamble .....	3
2.0	Primary Objective, Scope of Work, Approach and Detailed Tasks .....	3
3.0	Procedural Framework.....	3
4.0	Capacity Building in Procurement.....	4
5.0	Good Governance Frame Work .....	6
6.0	Need for Checks and Balances System.....	8
7.0	Recommendations and Action Plan .....	10



The Competitive Bidding was finally made applicable to all ministries in 2002. RGC included the decentralization policy for SKFC and Commune Sangkat initiatives and Privatized concession for BOT projects in 2002. After a gap of 15 years, the revised IRRPP was disseminated on August 20, 2010.

- 3.1** The World Bank in association with ADB brought out the Country Procurement Assessment Report (CPAR) of Cambodia in May 2004 and concluded that “*with regard to procurement, given the relatively underdeveloped legal and institutional framework in Cambodia, the immediate need is to put in place simple, yet targeted improvements that meet the development needs of the country while reducing the opportunity for corruption. The present procurement system, while having a sound basis, needs to be overhauled legally, institutionally and technically, and made more efficient*”. Pursuant to these recommendations, RGC issued Standard Operating Procedures and Procurement Manual along with Standard Bidding Documents applicable for all externally financed projects through Prakas on September 19, 2005 and mandated the same by issue of a Sub-decree on February 26, 2007 for all externally funded projects.

#### **4.0 Part A: Capacity Building in Procurement**

- 4.1** GPCL team appraised itself initially with IRRPP and later with the revised IRRPP along with best practices of the WB (including the Bank’s anti-corruption strategy) and the Transparency International’s Project Anti-corruption standards (PACS) for construction projects. Further, some of the contemporaneous procurement issues faced by the counterpart staff of MPWT and MRD while conducting the procurement actions provided a basis for considering some improvements to the guidelines and these were discussed by the counterpart staff with the faculty during the specified training sessions.
- 4.2** It is pertinent to note that most of the procurement procedures enunciated both in Revised IRRPP for RGC funded procurement and SOP & PM for EAPs are generally robust and address the issues such as transparency and prevention of collusion adequately except in some points.
- 4.3** A review of Revised IRRPP was made in respect of the Procurement Process and Methods in line with the best practices including the Bank’s guidelines, with a view to improve the transparency, promote competition, enhance disclosure, and reduce opportunities for corruption. In respect of the Procurement Process, changes were suggested with reference to clarifications/ queries submitted by bidders; response period for the clarifications or queries; stipulating the time for opening of bids; opening of withdrawn bids; guidelines to consider corrections and over writings; purchaser’s right to vary quantities prior to award; when prices are not mentioned for some items in the bid; and finally negotiations. In respect of Procurement Methods, changes were suggested in the area of publication of invitation for bids (IFB), bid security, domestic preference, and policy guidelines for international competitive bidding (ICB) such as acceptance of joint ventures, rights of bidders and minutes of the bid opening etc.
- 4.4** Similarly, while reviewing the procurement procedures for EAPs utilized by MPWT/MRD, some changes were identified in the procedures and practices. The change-wise recommendation for further improvement had been made to improve transparency, prevent collusion and improve oversight.

**4.5** One of the tasks of the TOR was to conduct a few specific training sessions for the counterpart staff of MPWT and MRD to cover procurement guidelines as well as GGAP implementation along with web site enhancement. Upon receipt of need assessment questionnaires from the identified counterpart staff, it was seen that majority of them were familiar with the RGC procurement procedures and required the training in the Bank's procurement procedures. Accordingly, the specific training sessions were structured and conducted as per the training plan. The view graphs were communicated to the PRIP-MPWT, PRIP-MRD and RAMP and to the Bank before conducting these sessions.

**4.6** Five specified training sessions were conducted over a period of two months (August - September 2010); three on Procurement of Goods, Civil works and Consultant services, the fourth on GGAP / GGF and the fifth on Web site enhancement. The training pedagogy included a number of case studies and hands-on exercises in each training session and these were conducted for participants to build capacity and enhance knowledge transfer. GPCL used its rich experience in the domain of capacity building in procurement and senior faculty members were deputed to impart these trainings. Mr. N Raman, (who worked in the World Bank, New Delhi office and trained the procurement practitioners in India and abroad, and is still a Consultant to the Bank) imparted the procurement training along with Dr. B. S. Chetty. While carrying out the specific training sessions, the team members / faculty members provided on-the-job consultation to the contemporaneous procurement issues faced by the counterpart staff of MPWT and MRD.

**4.7** Almost all training sessions were attended by more than the number of staff proposed in the Inception Report. To facilitate better understanding of topics covered in each training session, GPCL engaged an interpreter for simultaneous translation in to Khmer. After conclusion of each training session, its usefulness as well as the emphasis and topics to be covered in the next training session were solicited through the feedback format. Thereby GPCL covered not only pre-testing of their knowledge but also the knowledge gained during the training session.

#### **4.8 Findings of Specified Training Sessions**

Based on the feedback of the participants on the curriculum, content and knowledge assimilation, the following were the findings:

- Prior to the specific training sessions, some of them had exposure to the national procurement procedures but most of participants had very little exposure to the Externally Aided Projects and this gap was effectively covered by the specific training sessions.
- The time is ripe to give the trained officials opportunities of carrying out the real-time procurement activities of the Bank funded projects in the near future so that this will help to hone up their procurement management skills further.
- Prerequisite to assess the procurement capacity at all tiers and accordingly in phased manner conduct the capacity building in procurement management with simultaneous re-delegation of powers of technical sanction, conducting procurement process, approval of contracts and payments. This may ensure broad





#### 5.6.4 Action Plan – Website

1. MPWT to ensure that the website is supporting PHP Scripting Language & MYSQL database is installed on the web server. Since the resultant enhanced web pages are dynamic in nature and are populated from the database, ensure to have adequate database space on the web server;
2. Create a new database on the web server using the database schema as described and run the SQL scripts as proposed by GPCL;
3. Create necessary web pages using PHP script. The sample web pages are shown in Annex of the main report. To create these additional web pages, one can use readily available RAD (Rapid Application Tool) Software or hand code it, as may be necessary.
4. Once the web page coding is complete, upload these pages on the web server and provide necessary links as may be necessary.
5. Start entering the data into the database using the developed web pages.

### 6.0 Need for Checks and Balances System

6.1 MPWT has primary responsibility for ensuring that projects undertaken are implemented in accordance with the project plans and resources are used effectively and efficiently and only for the project purposes. MPWT executes both centralized and decentralized projects funded by both RGC and multilateral / international financing agencies. All tasks and activities related to procurement of goods, works and services required for these projects/programs should be executed in strict conformity with agreed guidelines (RGC/EAP procurement procedures and provisions of the Financial Management Manual), systems and procedures governing use of project funds and resources.

6.1 In order to guard against arbitrarily decisions in its functioning and avoid Fraudulent and Corruptive practices, MPWT has to be set up a system of checks and balances so that the functional and financial powers are distributed to the various functionaries of the project implementing agencies of the Ministry.

6.2 The checks and balances system of MPWT shall:

- Comply with legislative, statutory requirements and adherence to the policies as enunciated from time to time by RGC;
- Ensure that the contracts are awarded as per procedure laid down by RGC from time to time;
- Ensure that the accounts and records are reliable and maintained as per standards laid down;
- Protect the assets from being lost or stolen, misused, and also safe guarding assets against wastage, fraud and inefficiency; and

- Discourage dishonesty through the implementation system and procedures that would make concealment of irregularities difficult and promote disclosure and transparency.

**6.3** To ensure satisfactory implementation of high quality projects with no time delays and cost overruns, the MPWT should adhere to the following general principles of internal control:

- Deployment of competent, reliable, honest functionaries/ upgrading competency of the functionaries by careful selection, arranging periodical training, and use of their talent in its system & procedures with the duties and responsibility each functionary unambiguously laid down;
- Segregation of functional responsibilities/ separation of powers;
- Separation of accounts from custodianship by having adequate security measures;
- Regular independent review by having periodical internal and external audits; and
- Introduction and implementation of proper management information system.

#### **6.4 Establishment of Procurement Department**

MPWT shall establish a well trained and well equipped procurement Department in the ministry which will to carry out procurement in accordance with the agreed guidelines and within the thresholds, collect the information and process regularly to generate requisite reports, maintain Procurement Management Information System (PMIS), maintain all relevant records/documents, provide clarifications / queries raised through CHM and facilitate annual External review / internal procurement review and continuously build the procurement capacity at levels of the ministry. The Procurement Department shall:

- Conduct periodical internal procurement review to ascertain whether the procurement procedures were correctly and completely followed both in letter and spirit. The review report will bring out omissions/commissions and lapses, and act as a guide for taking corrective measures to streamline and improve the procurement system/procedures in future.
- Build Procurement Capacity through regular and periodic training programs to the various functionaries (who are actually involved in the procurement process) of the ministry in various aspects of the procurement to cater to the specific needs of the project after duly assessing the gaps in their knowledge.
- Ensure proper record keeping by providing guidance to the various implementing agencies / units of the ministry as well as functionaries of the provinces in classification of documents, the proper up keep and storage of procurement documents and inventory records to ensure that they are easily retrievable for review by the procurement Department, internal and external auditors as well as auditors of external financing agencies in respect of externally assisted projects;

- Disclose of procurement information: in the web site of the ministry in time for information of the civil society, suppliers/contractors and public at large to enable them to make representations if any;
- Set up complaint redressal mechanism to deal with complaints from bidders, contractors, suppliers, consultants and general public at large, and monitor closely the complaints received both at the ministry and provincial level to initiate immediate action to redress the grievances.
- Develop Procurement Management Information System (PMIS) to ensure that all contract information and its related details are available from all implementing agencies in the ministry and province.
- Analyze the reports to see the trends, identify the issues and develop the specified procurement performance indicators (Procurement category/Method wise) to enable the ministry to take proactive corrective steps as and when warranted.
- Ensure preparation of Procurement Planning/Budgeting including periodic maintenance / performance based contracts.
- Review the system of existing system of Registration of Contractors / Suppliers / Consultants and streamline the same.
- Develop Unit Data base system (Scheduled Rates/ Standard Rates) to ensure proper preparation of estimates for civil works, and
- Maintain close coordination of the implementing agency with quality assurance section and finance section for contract completion and closure.

## 7.0 Recommendations and Action Plan

Sl No	Recommendation	Year 1	Year 2	Year 3
i.	Update IRRPP and model bidding documents at least bi-annually to incorporate modification(s) as deemed fit	-	X	-
	Develop Procurement Guidance Notes in Khmer and in English <u>and distribute to the implementing agencies/ procurement entities at all tiers (Central/Provincial/District or Sub-district)</u>	-	-	X
ii.	Update SOP and PM including model bidding documents at least bi-annually to incorporate modification(s) as deemed fit	-	X	-
	Develop Model documents for BOT and procurement of Plants and Equipments	X	-	
iii.	Create a procurement forum of procurement practitioners from the list of trained counterpart staff to facilitate the problem or issue - based learning	X	X	X

SI No	Recommendation	Year 1	Year 2	Year 3
iv.	Archive and freely share a data base of procurement process wise case studies through intranet (Internal Network) within the department to facilitate cross/ continuous learning	-	X	X
v.	Institutionalize project implementation unit (procurement cell) with clearly defined roles, responsibilities and functions.	X	-	-
	Expand the scope of procurement cell to constitute ministry wide procurement department	-	X	X
	Continue to augment procurement capacity in MPWT with appointment of Independent Procurement Coordinator (IPC)	X	X	X
	Carryout Ministry/Project wide staff Training Need Analysis (TNA) periodically to asses further gaps for preparation of Master/Annual Training Plans	-	X	X
	Appoint Financial Management Advisor (FMA) to enhance the capacity	X	-	-
vi.	Develop and use Procurement Plan as monitoring tool and revise periodically in consultation with PIUs	X	X	X
vii.	Develop and adopt ministry-wide/ project-wide procurement related disclosure policy	X	-	-
viii.	Implement enhanced website to disclose ministry / project related information voluntarily for the benefit of all stakeholders. Update /Upload regularly with provision of hit counter and Feedback forms.	X	X	X
ix.	Draw list of CSOs and invite them for bid opening, foundation laying ceremony and inaugural function	X	X	X
x.	Institutionalize CHM for RAMP and monitor thought the project period	X	X	X
	Setup ministry-wide robust and compliance friendly complaint handling mechanism	-	X	X
xi.	Frame and adopt code of conduct for officials as well as contractor/supplier community	-	X	X
	Mandatorily obtain Ethical Conduct and Fraud and Corruption declaration	X	X	X

<b>Sl No</b>	<b>Recommendation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
xii.	Setup and institutionalize web based Procurement Management Information System (PMIS) with an interoperable data exchange feature with the existing Financial Management Software.	-	X	X
	Use enhanced website for internal data capturing, analysis and reporting	X	X	X

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