

ANNEXES: 3. Updated Good Governance

GOOD GOVERNANCE FRAMEWORK (As of 30 September 2015)

No.	Issue	Action to Mitigate Risk	Responsibility	Status
	Element 1: Procurement			
1.a	<p>Corruption and fraud in the procurement process:</p> <p>Collusion during bidding process</p> <p>Biased bid evaluation</p> <p>Suppliers/contractors offering incentives for favorable treatment</p>	<p>The Project will strictly apply the Government's Standard Operating Procedures (SOP) and Procurement Manual (PM) 2012, both of which are in line with ADB guidelines.</p>	<p>Ministry of Labor and Vocational Training (MLVT) with ADB approval`</p>	<p>To be complied with ADB guidelines</p>
1.b	<p>Procedures and thresholds</p>	<p>The Project will strictly follow SOP/PM and procurement instructions stated under the implementation arrangement paragraph 26 of Report and Recommendation of the President (RRP)</p> <p>The Project will strengthen in the Project Administration Manual (PAM) to detail project administration procedures, including implementation arrangements, implementation schedule, procurement, disbursement procedures, monitoring and evaluation, reporting requirements, auditing requirements, assurances, key persons involved in the Project, and anticorruption.</p>	<p>MLVT with ADB approval</p> <p>MLVT with ADB approval</p>	<p>To be complied with ADB guidelines</p> <p>To be complied with PAM</p>
1.c	<p>Weak procurement capacity</p>	<p>A procurement capacity assessment was undertaken as part of the project preparation technical assistance for preparation of the Project. The assessment found that DGT VET is experienced in the procurement of goods but less experienced in procuring works, services and consultants, and site management and monitoring of</p>	<p>MLVT with ADB approval</p>	<p>To be complied with ADB guidelines</p>

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		<p>civil works.</p> <p>Training and mentoring will be provided to strengthen capacity, specifically in the preparation of bid documents for civil works, bid evaluation and preparation of bid evaluation reports for civil works, training of PCU staff and Procurement Review Committees on procurement regulations and ADB Guidelines, preparation of detailed lists and technical specifications of equipment, and selection and contracting of consulting services.</p> <p>The Project will be monitored, and where necessary, additional measures will be incorporated to improve procurement procedures.</p> <p>As procurement process is beyond the award of contract, the Project will organize frequent monitoring visits to work sites in order to ensure that the construction works will meet quality standards in line with desired specification.</p> <p>The Project will recruit a Project Implementation Specialist (international, 24 months) and Procurement Specialist (national, 24 months) to support the procurement process.</p>		
1.d	Inadequate or delayed procurement plans	<p>The Project will prepare a procurement plan as guided by ADB's Procurement Guideline and SOP/PM.</p> <p>The Project will prepare an annual Procurement Plan tied to the annual work plan and budget.</p>	<p>MLVT and ADB</p> <p>MLVT with ADB approval</p>	<p>To be complied with ADB's Procurement Guidelines</p> <p>Prepare an annual procurement/budget plan.</p>
1.e	Informal payments by contractors, suppliers and consultants	All contractors, suppliers and consultants—firms or individuals, national and international—bidding for contracts under the Project shall sign the Declaration	MLVT with ADB approval	To be complied with ADB's Guidelines

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		on Ethical Conduct and Fraud and Corruption in the SOP/PM, and be subject to the sanctions specified in the ADB's Procurement Guidelines.		
1.f	Potential project staff-contractor collusion over volumes and build quality	The Project will strengthen project monitoring and introduce technical audit during the midterm review to clarify structures, authorities, and effectiveness of project management.	MLVT with ADB approval	To be complied with
Element 2: Financial Management (FM)				
2.a	Weak internal controls	<p>The Government will strengthen the financial management system and internal audit function of MLVT, and provide capacity development through the extension of the PFM reform program to MLVT.</p> <p>The Project will apply internal control procedures specified in SOP and Financial Management Manual (FMM), both of which are consistent with ADB guidelines, including in the areas of:</p> <ul style="list-style-type: none"> • financial policies and standards; • elements of internal control; • financial accounting system, ledgers, journals; • bank accounts and credit/grant withdrawals; • project expenditure, payroll, petty cash, advances; and • financial management reports, audit, counterpart funds withdrawals. <p>The project will provide an International Public Financial Management Specialist (4months) and National Financial Management Specialists (24 months).</p> <p>The project will also assist in the design and funding for</p>	MLVT and Ministry of Economy and Finance (MEF)	To be complied with ADB's Guidelines

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		a modular Financial Management system compliant to the PFMRP and Program Budgeting initiatives.		
2.b	Cash transactions	The Project will ensure that payments to contractors, suppliers and consultants – firms, individuals, national and international – are made by cheque or transfer to bank accounts, and will retain evidence for audit and donor supervision missions.	MLVT	To be complied with
2.c	Inconsistent allowances paid to Government staff attending training, workshops and study tours	<p>The Project will follow MEF's Instruction Letter No. 2000 dated 23 April 2007¹ on standard daily subsistence and travel allowances.</p> <p>The Project will establish an Annual Training and Workshop Plan.</p> <p>The Project will set eligibility rules for attending training, workshops and study tours. Attendees must:</p> <ul style="list-style-type: none"> • be engaged in work relevant to the training • be competent in the language used • after return, report on and share their experiences for the benefit of the project <p>The Project will ensure that training, workshops, study tours and other similar activities:</p> <ul style="list-style-type: none"> • are in line with project aims and objectives • meet identified needs within the sub component plans • have budget in line with planned expenditure approved by MLVT. Project to seek MLVT prior 	<p>MLVT with ADB approval</p> <p>MLVT</p> <p>MLVT</p> <p>MLVT with ADB approval</p> <p>MLVT, MEF with</p>	<p>To be complied with, new MEF's letter No. SD 216, date 22/07/2014</p> <p>To be complied with</p> <p>To be complied with</p> <p>To be complied with guidelines</p> <p>To be complied with</p>

¹ Letter No. 2000 dated 23 April is being reviewed by MEF.

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		per diem and allowances.		
2.d	Delayed or non-existent reconciliation of advances for operating costs and expenses	<p>The Project will reconcile advances of operating expenses of staff or field offices within one week of the end of each month.</p> <p>The Project to ensure that no further advances are paid until previous advance reconciled and cleared against documentary evidence.</p>	<p>The Project financial officers</p> <p>The Project financial officers</p>	<p>To be complied with</p> <p>To be complied with</p>
Element 3: Disclosure				
3.a	Conflict of interest among project staff	The Project will minimize conflict of interest through disclosing of private and public affiliations or personal interest before becoming involved in any project related transaction such as contract award.	MLVT	To be complied with
3.b	Enhance transparency through greater public disclosure of project information	<p>The Project will disclose on MLVT's and, or NTB's website(s), with hard copies available for public inspection if requested, at a minimum:</p> <ul style="list-style-type: none"> • project name, objectives, original and revised amount, sources of funding, effectiveness date, number of extensions, name and address of MLVT, name of ADB officers in charge, list of Project Steering Committee (PSC) members and contact information in the MEF-ADB unit, contact information for ADB office in Cambodia, and contact information and mandate of ADB's Office of Anticorruption and Integrity; • details of project components, percentage completion, data on performance indicators; • annual Work Program and Procurement Plan, identifying contracts to be procured in the next 12 months, nature of each contract, cost 	MLVT and ADB to agree final list	To be complied with

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		<p>estimate, location, method of procurement, means of advertisement, bidding period, location where bidding documents and RFP's can be inspected, expected date of availability, and cost of bidding documents;</p> <ul style="list-style-type: none"> • consultant long and short lists; • bidding documents and RFP's to be available for inspection; • bid closing dates, names of bidders and their bid prices at opening; • list and details of contracts awarded, names of losing bidders and, if their bid prices were lower than the winning bidder, the reason for their rejection; • six month progress reports; • planned and actual disbursements by sub component; • annual financial statements and audit opinion; • other specific reports prepared by the Project • complaints remedies and mechanism; • criteria and procedure for selection of candidates for scholarships; and • code of ethical conduct once signed by all staff. 		
Element 4: Complaints and Remedies Mechanism				
4.a	Inadequate complaints and remedies mechanisms	The Project will prepare a remedy mechanism to address complaints, including establishment of a grievance redress mechanism at Project Coordination Unit (PCU), Provincial Training Centers (PTC), and	MLVT with ADB approval	To be complied with

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		<p>Regional Training Center (RTC) to receive complaints/grievances from communities, contractors, etc.</p> <p>Procedures regarding procurement complaints are to follow process set out in the Loan Agreement and SOP/PM</p>	MLVT and MEF	To be complied with
Element 5: Civil Society Organization and Private Sector Roles				
5.a	Lack of involvement of CSOs and Private Sector to increase transparency	Each advertisement shall mention that any civil society or private sector representatives or interested persons may attend the bid opening.	MLVT	To be complied with
Element 6: Code of Ethical Conduct				
6.a	Poor enforcement of the Code of Conduct for civil servants	The Project will provide copies of the relevant laws and articles on Code of Conducts for civil servant to all Project staff, including contracted staff. Project will maintain signed declaration of receipt of these documents by all Project staff, including contracted staff.	MLVT	To be complied with
Element 7: Sanctions				
7.a	Inadequate sanctions for fraudulent and corrupt activity by project staff, contracts, suppliers and consultants.	<p>The Project will identify and apply sanctions available under current law and regulations of Cambodia.</p> <p>Sanctions for individuals may include transfer of duties, retaining, suspension, dismissal, re-grading, prosecution under Cambodian Law. Sanctions for firms may include: termination of contract, debarment, blacklisting, and prosecution under Cambodian Law.</p>	MLVT	To be complied with ADB's guidelines
Element 8: Project Specific Elements				

No.	Issue	Action to Mitigate Risk	Responsibility	Status
8.a	Risk of low quality construction and supervision.	<p>The Project will recruit a national civil works and procurement specialist (48 months) to assist the project staff in preparing and costing a design for civil works package; monitoring procurement connected with civil works; supervising the construction of women's dormitories and workshops, and renovation of training institutes.</p> <p>See also 1 f. above.</p>	MLVT and ADB approval	To be complied with
7.b	Risk in abuse in resettlements of affected people over appropriate compensation	<p>The Project to ensure that no rehabilitation or construction of training facilities in MLVT's training institutes and women's dormitories will involve involuntary resettlement according to ADB's Policy on Involuntary Resettlement (1995) and the relevant Government regulations. Ensure that monitoring of the implementation of any Resettlement Plan is done by External Monitor.</p>	MLVT, Inter-Ministerial Resettlement Committee, NGOs, and ADB approval	To be complied with