

Procurement Risk Assessment Report

Project Number: 41435-054
August 2017

Cambodia: Tonle Sap Poverty Reduction and Smallholder Development Project (Additional Financing)

Prepared on behalf of the Ministry of Agriculture, Forests and Fisheries for the Asian Development Bank (ADB).

CURRENCY EQUIVALENTS

(as of 4 August 2017)

Currency unit	–	Cambodian Riel (KR)
KR1.00	=	\$0.000244
\$1.00	=	KR4,099

ABBREVIATIONS

ADB	-	Asian Development Bank
CEC	-	consultant evaluation committee
ICB	-	international competitive bidding
MAFF	-	Ministry of Agriculture, Forestry and Fisheries
NCDDS	-	National Committee for Sub-National Democratic Development
MEF	-	Ministry of Economy and Finance
NCB	-	national competitive bidding
PMU	-	project management unit
SOP	-	Standard Operating Procedures of Cambodia
TSSD	-	Tonle Sap Poverty Reduction and Smallholder Development Project
IFAD	-	International Fund for Agricultural Development

EXECUTIVE SUMMARY

1. Overall assessment of project procurement risk is: **Medium**.
2. Summary of weaknesses and risks: considering the scope of the proposed project, procuring agencies mostly lack resources and capacity in carrying out procurement/recruitment and contract management.
3. Summary of mitigation and/or management measures to be adopted: assist the Ministry of Economy and Finance to prepare a mandatory nationwide program for procurement staff training in public procurement and contract management.

I. INTRODUCTION

1. The Tonle Sap Poverty Reduction and Smallholder Development Project - Additional Financing (TSSD-AF) will enhance agricultural productivity and improve access to markets in 271 target communes in seven provinces in Cambodia through investments in climate-resilient productive infrastructure and further development of an enabled environment for agricultural productivity, diversification, and climate resilience. It will also build capacity in disaster risk management of the communities and commune councils.

2. Impact of agricultural investment on poverty: Cambodia averaged gross domestic product growth of just over 7% a year since 2010, driven largely by an expansion of the garment sector, and continued though lower growth in the construction and tourism sectors. Agriculture has, on average, grown at the rate of 4.5% per annum during the 2008-2012 period, but has slowed down to 1.6% in 2013, 0.3% in 2014 and 0.2% in 2015 because of unusual climatic conditions, falling commodity prices and variations in the performance of the crop sector, especially rice. Estimated growth of the sector for 2016 is 1.6%. The Government of Cambodia and its development partners are deeply concerned about (i) the narrow base of economic growth, easily threatened by global economic fluctuations; and (ii) the persistence of high levels of rural poverty, coupled with the growing income disparity between rural and urban areas. In this context, maintaining a 5% growth per annum in the agriculture sector as targeted in the Agriculture Sector Strategic Development Plan is essential. Data from the International Fund for Agricultural Development (IFAD), the World Bank and the International Food Policy Research Institute show that investing in agriculture can be up to three times more effective in increasing the income of poor people than any other investment. On average, a 1% per annum increase in agricultural growth delivers a 2.7% increase to poor incomes.

3. Rural poverty remains a problem in Cambodia, although Cambodia is now a lower-middle income country, poverty remains a major problem. A recent Asian Development Bank (ADB) study found that, "income poverty has fallen dramatically, but many families teeter only just above the poverty line. With a very large share of the population concentrated at the bottom of the income distribution, the poverty rate is highly sensitive to where the line is drawn. Vulnerability to poverty has increased, and urban poverty may be rising." The headcount poverty index for each of the provinces targeted by TSSD-AF varies by source of data, but Kampong Thom and Tboung Khmum, 24-31% and Siem Reap, 19-31%, are among the 10 poorest provinces by all measures. Battambang, 25%; Prey Veng, 22%; Banteay Meanchey, 26%; and Kampong Cham, 20%; are all poorer than the national rural poverty level of 19%. Poverty remains a major issue in all target provinces and is exacerbated by very high levels of migration amongst members of households of working age. The International Labour Organization report on Cambodia's internal migration to account for 26.5% of the total population and estimates of migration to Thailand alone vary from 300,000 to over 1,000,000. In many villages under TSSD, the population consists largely of elderly smallholder farmers taking care of their grandchildren.

4. The TSSD was approved by ADB on 8 December 2009 and was declared effective on 31 March 2010 with a loan amount of \$3.41 million and a grant of \$27.30 million. TSSD's completion date and closing date are 31 August 2017 and 28 February 2018, respectively. TSSD is co-financed by IFAD with a loan of \$6.69 million and a grant of \$6.69 million, and the Government of Finland with a grant of \$5.75 million which became effective on 15 February 2010 and 3 December 2010, respectively. TSSD is designed to foster community-driven infrastructure, and capacity development in 196 communes in 28 districts in the provinces of Banteay Meanchey, Kampong Cham, Kampong Thom, Siem Reap, and Tboung Khmum. Its outcome is increased agricultural productivity and improved access to markets in 196 communes in five provinces in the Tonle Sap

Basin. It has three outputs: (i) community driven development through block grants; (ii) enabling environment for increased agricultural productivity and diversification; and (iii) effective project management.

5. The Ministry of Agriculture, Forestry, and Fisheries (MAFF) and the National Committee for Sub-National Democratic Development Secretariat (NCDDS) are the executing agencies to supervise the project implementation. TSSD has three implementing agencies: (i) General Directorate for Agriculture of MAFF is responsible for agricultural policy development and quality seed production; (ii) the NCDDS is responsible for implementing and coordinating community-driven livelihood improvement activities through block grant; and coordination of rural information and communication technology activities at the commune level; and (iii) the Ministry of Posts and Telecommunications was responsible for developing and delivering computer and information and communication technology skill training for sub-national level staff. The expected impact of TSSD is: “improved livelihoods of approximately 630,000 households in five provinces by 2020”. TSSD’s project outcome is: “agricultural productivity increased and access to markets in 196 communes in five provinces in or near the Tonle Sap Basin improved”. The indicators of the overall outcome having been achieved (by 2017) are:

- (i) average rice yields increased to more than 3.50 tons/ha (Cambodia, Lao PDR, Thailand, and Viet Nam average 3.40 tons/ha in 2007);
- (ii) diversified farming systems reduce share of household income from rice by 20%;
- (iii) marketed farm and off-farm products increased by 25%;
- (iv) participation in livelihood activities of the poor and poorest groups, including women and female heads of households, is at least 10% higher than their percentage of the population in the target communes; and
- (v) more than 70% of the memberships of livelihood improvement groups graduate to become eligible for formal credit services.

6. The procurement risk assessment has been carried out in accordance with the approach for assessing agency procurement risk assessment to:

- (i) organizational and staff capacity- procurement unit/department and project management unit (PMU);
- (ii) information management;
- (iii) procurement practice- goods, works and services;
- (iv) effectiveness; and
- (v) account and measure

7. The procurement risk assessment was undertaken on April 2017. Both Project Directors of executing agencies has been approached and requested to meet focal person in order to interview. Since they have experiences in filling up the questionnaires before, the form was sent to them by email. NCDDS and MAFF responded on 19 and 20 April 2017 respectively.

A. Overview

8. The project steering committee, chaired by the Minister of MAFF and the Minister of the Ministry of Interior comprise representatives (at the level of Under Secretary of State or above) of the Ministry of Economy and Finance (MEF), will provide oversight, coordination and policy guidance in all aspects of project implementation, except land acquisition and resettlement which is the responsibility of the Inter-Ministerial Resettlement Committee. Other ministries may be invited to attend as observers when specific issues of their concern are for discussion.

9. A PMU, chaired by the Deputy Secretary General as Project Director and assisted by a Project Manager and comprising additional four staff each from MAFF (Financial Officer, Procurement Officer, Accounting Officer, and Monitoring and Evaluation Officer). The PMU of NCDDDS chaired by H.E. Ngan Chamroeun as Project Director and assisted by the Project Manager, Financial Officer, and Procurement Officer, will be responsible for overall project management, procurement and financial management. The PMUs updates the project implementation progress to the project steering committee. The project implementation consultant team will support the PMU.

II. PROJECT PROCUREMENT RISK ASSESSMENT

10. **Organization and Staff Capacity- MAFF Procurement Department/Unit.** Overall risk rating for the organizational and staff capacity of MAFF is assessed as “Moderate”. The procurement unit/department of MAFF has five full time staff. Even though the staffs have accessed to the procurement training, most of them lacked the technical skills to handle the procurement funded by donor agencies. The office is equipped with computers, photocopiers, printers and internet connection. The procurement unit reports directly to the Head of the executing agencies or designed Secretary of State.

11. **Organization and Staff Capacity- NCDDDS Procurement Department/Unit.** Overall risk rating for the organizational and staff capacity of NCDDDS is assessed as “Moderate”. NCDDDS has devoted staffs required for procurement operations, which is supervised by the procurement committee. The respective procurement staffs have adequate technical skills to undertake the procurement of goods, works and consultancy services. They also have access to various procurement training programs including from ADB, World Bank, and the government procurement guidelines. However, the capacity and procurement practices of the Commune/*Sangkat* (C/S) council are limited. The procedure specified in the NCDDDS project implementation manual is very simple, no worldwide advertisement for public and eligible only for pre-qualification bidders that have been selected by the provincial procurement committee. It is recommended that the project implementation manual should be improved to meet the acceptable procurement principle. The (C/S) capacity building should be built to ensure procurement process and the accepted procurement procedures are followed.

12. **Project Management Unit.** Overall risk rating for the PMUs of MAFF and NCDDDS is assessed as “Moderate”. The PMU chaired by the Project Director and Project Manager in case of the absence of the Project Director. There are a number of qualified staff in place such as the Procurement Officer, Finance Officer, Monitoring and Evaluation Officer, Safeguard Officer, etc. who will be responsible for overall project management, procurement and financial management. The office is equipped with computers, photocopiers, printers, and internet connection. They have access and used some of the standard procurement documents which have been approved by ADB. There are also established arrangements for handling the various stages of procurement from preparation and identification of the procurement requirement, preparation of term of reference, technical specification, bid documents, request for proposals tender invitation, bid evaluation, contract award, to construction supervision and contract performance monitoring. Checking and control of procurement processes are also in place. NCDDDS has different procurement committees ranging from national to sub-national levels.

13. The procurement committee at the national level, appointed by Prakas dated 28 February 2013, to oversee the procurement of the Tonle Sap Poverty Reduction and Smallholder Development Project comprise of:

- (i) NCDDDS Chief of Procurement Unit and Project Coordinator as Chair;

- (ii) NCDDS Chief of Project Management Office as member;
 - (iii) Project Administration and Finance Adviser as member; and
 - (iv) an officer from the Department of Cooperation and Investment of the Ministry of Economy and Finance as member.
14. Provincial/Capital Procurement Committee compose of:
- (i) Capital/Provincial Governor as Chair;
 - (ii) Capital/Provincial Deputy Governor (1 person) as Deputy Chair;
 - (iii) Director of the Department of Economy and Finance as Deputy Chair;
 - (iv) members of the capital/provincial council as members;
 - (v) Administration Director of capital/provincial hall as member;
 - (vi) Director of Financial Division as member; and
 - (vii) Chief secretary of the capital/provincial procurement unitas member.
15. C/S Procurement Committee compose of:
- (i) C/S Chief as Chairperson; and
 - (ii) Councillor 1 and Councillor 2 as members.
16. The MAFF Procurement Committee, appointed by Prakas dated 4 September 2012 to oversee procurement of the Tonle Sap Poverty Reduction and Smallholder Development Project comprise of:
- (i) PMU Project Director as Chair;
 - (ii) PMU Project Manager as Deputy Chair;
 - (iii) PMU Procurement Officer as member;
 - (iv) Two members of MEF representative; and
 - (v) Head or Officer of PMU stakeholder as member.
17. **Information Management.** Overall risk rating for the information management for MAFF and NCDDS is assessed as “Moderate”. MAFF and NCDDS will maintain records of its respective procurement proceedings along with all associated documentation for a minimum period of 5 years, as required by MEF. The agency has maintained a referencing system, which provides unique identification of each procurement activity. It is however, recommended that for the proposed project, MAFF will require designated human resources for document control and record keeping. It is also recommended that MAFF should regularly post and update information pertaining to tenders, evaluation, and contract awards on its website for public access.
18. **Procurement Practices for MAFF.** Overall risk rating for procurement practices is assessed as “Moderate”. MAFF has undertaken procurement of goods or works and services related to foreign assisted projects including ADB, IFAD and World Bank. There is no systematic process in place to identify procurement requirement. The level of understanding of the procurement procedure/process is acceptable. However, it is recommended that MAFF should exercise the systematic process to identify annual procurement requirement.
19. **Procurement Practices for NCDDS.** Overall risk rating for procurement practices is assessed as “Moderate”. NCDDS has undertaken procurement of goods, works and services related to foreign assistance including ADB and WB. NCDDS has a systematic process in place to identify procurement requirement. Bids submitted after the prescribed time are rejected and returned without being opened. Bids/proposals evaluated by the respective committees and contracts awarded to lowest evaluated responsive bidders after seeking MEF approval for all respective bids and donor partner approval for all prior review of respective bids.

20. **Effectiveness.** Overall risk rating for the effectiveness for MAFF and NCDDS is assessed to be “Low”. The system for contract implementation is in place including monitoring of payment obligation and complaint resolution mechanism through different stages of complaint handing.

21. **Accountability Measures.** Overall risk rating for accountability measures for MAFF and NCDDS is assessed as “Low”. Detailed provisions on conflict of interest leading to ineligibility are clearly mentioned in regulations, which are fully complied with during the entire procurement process.

A. Strengths

22. The Law on Procurement is available and the Procurement Guidelines for external assisted projects published in May 2012 are comprehensive and accepted by international development partners.

23. MAFF and NCDDS have fully staffed PMU to oversee the project management. Each executing agency has respective Project Director, Project Manager, Procurement Officer, Finance Officer, Monitoring and Evaluation Officer and Safeguard Officer

24. Processes for information management, effectiveness and accountability measures are simple and satisfactory, and deficiencies can be addressed by additional staff and resources. External audits are budgeted for and conducted according to government requirements.

25. All bids submitted after the time prescribed are rejected and returned without being opened.

26. A complaint management mechanism is in place, which address grievances related to procurements and contract administration.

27. MAFF and NCDDS are responsible in maintaining records of their respective procurement proceedings along with required documentation for a minimum period of 5years.

B. Weaknesses

28. MAFF does not have asystematic process in place to identify procurement requirement.

29. There is no specialized procurement training program for the staff involved in undertaking procurement under donor funded project. The training should be regularly conducted by MEF and donor partners for the involved procurement staff of the project.

30. MAFF lacks resources and capacity and will require services of procurement experts to assist them in planning and implementing the proposed project.

31. NCDDS lacked experience in carrying out the procurement process and contract management of civil works package.

C. Procurement Risk Assessment and Management Plan for MAFF and NCDDS

Risk Description	Risk Assessment	Risk Management Plan	Action Plan	Time Line
There is no mandatory nationwide accredited training program on public procurement in the province/country. Absence of such training creates capacity issues of the concerned staff undertaking procurement in public sector.	Moderate	MEF through MAFF, need to devise an accredited nationwide program for training in public procurement rules/regulation, and practices, and make it a mandatory part of concerned line agency. Annual training programs will help a great deal in enhancing the capacity of respective government officials and staff tasked with execution of procurement interventions.	ADB should assist MEF to prepare a mandatory nationwide program for procurement staff training in public procurement and contract management.	Within 2017
There is no nationwide system for collecting and disseminating procurement information, including tender invitations, requests for proposals, and contract award information.	Low	Information regarding the procurement of works, services and goods shall be available on MEF, NCDDS, and MAFF websites. MEF, NCDDS, and MAFF should regularly update reports and disclose information related to procurement processes including contract awards.	Procurement Law may be amended to require procuring agencies to regularly update reports and disclose information related to procurement processes including contract awards on their website and such information may be made available to interest bidders, when required.	Within 2017
Rules on the participation of state-owned enterprises in public procurement needs clarity.	Moderate	Procurement Manual Vol. 1 (May 2012) needs to clearly state the rules on participation of state-owned enterprises in public procurement.	MEF to revise Procurement Manual Vol. 1 (May 2012) and clearly state regulations on the participation of state-owned enterprises in operational procurement involved in externally funded projects.	Within 2017
An under staffed procurement section/unit is a risk to the smooth execution of procurement activities.	Moderate	Strengthen procurement unit/section by hiring Procurement Specialist and additional support staff.	Responsibility: MAFF and MEF.	Within 6 months after loan effectiveness
Overall	Moderate			

ADB = Asian Development Bank; MAFF = Ministry of Agriculture, Forestry and Fisheries; MEF = Ministry of Economy and Finance; NCDDS = National Committee for Sub-National Democratic Development Secretariat.

Source: Asian Development Bank.

D. Conclusion

32. The overall risk rating for the project procurement risk assessment for MAFF and NCDDS is “**Moderate**”. Executing agencies procurement staffs have adequate technical skills to undertake procurement of consultancy services, and the procurement of goods and works. MAFF and NCDDS are maintaining records of its respective procurement proceedings along with all associated documentation for a minimum period of 5 years. Systematic processes to identify

procurement requirements are in place. MAFF and NCDDS follow procurement planning process. The executing agencies diligently tracks its contractual payment obligations, however, there is still a need for improvement in the follow up mechanism and timely release of payment. Engagement of a team of international and national implementation consultants to build project management capacity including procurement capability during the project implementation is recommended. The consultants will review the detailed design, specifications, operation and maintenance requirements, bid document contractual conditions, and the bid evaluation report, including addressing ADB's comments on relevant documents.

PROJECT PROCUREMENT RISK ASSESSMENT QUESTIONNAIRE

A. Ministry of Agriculture, Forestry and Fisheries

QUESTION	RESPONSE ¹	RISK ²
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT/UNIT		
A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes	Low
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Yes	Low
A.3 If yes, what type of procurement does it undertake?	Goods and Works	Moderate
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	7 years experience	Low
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	Five full time staff	Low
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	No	High
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	The staff have insufficient skill and knowledge to undertake the additional procurement that will be required under the proposed project.	High
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
A.9 Does the agency have, or have ready access to, a procurement training program?	Yes, from development partners and the government.	Moderate
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	Procurement unit reports to the Minister or Secretary of State.	Low

¹ Responses should include a discussion of the e-procurement component if an e-procurement system is in use or if is being planned for implementation.

² Questions indicated with * are associated with potentially 'High' or 'Substantial' risks due to the impact being 'High', therefore the strategy for managing those risks should be addressed in the Project Procurement Risk Analysis (Appendix 3).

QUESTION	RESPONSE ¹	RISK ²
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	No clear job descriptions.	High
A.12 Is there a procurement process manual for goods and works?	Yes	Moderate
A.13 If there is a manual is it up to date and does it cover foreign-assisted projects?	The procurement manual is not up to date and covers only procurement under the treasury budget.	High
A.14 Is there a procurement process manual for consulting services?	No	High
A.15 If there is a manual is it up to date and does it cover foreign-assisted projects?	No. The Implementation Rules and Regulations Governing Public Procurement covers those under the treasury budget.	Moderate
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes	Low
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes	Low
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes	Low
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	Yes, standard operating procedure (SOP)/procurement manual/ financial management manual (FMM)	Low
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	Low
A.22 Who drafts the procurement specifications?	Depending on the nature of procurements, some procurement officer coordinates with technical officer/end user.	Moderate
A.23 Who approves the procurement specifications?	Procurement Review Committee (PRC)	Low
A.24 Who in the PMU has experience in drafting bidding documents?	Procurement Officer of the Project Management Unit (PMU).	Moderate
A.25 Are records of the sale of bidding documents immediately available?	Yes	Low

QUESTION	RESPONSE ¹	RISK ²
A.26 Who identifies the need for consulting services requirements?	End User/User Department	Low
A.27 Who drafts the Terms of Reference (ToR)	Technical Officer, Procurement Officer and PRC	Low
A.28 Who prepares the request for proposals (RFPs)	Procurement Officer and Technical Officer	Low
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes	Low
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Yes	Low
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	Yes, for 5 years	Moderate
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7 Are copies of invoices included with the contract papers?	No	High
B.8 Is the agency's record keeping function supported by IT?	Yes	Low
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Yes. For the ongoing TSSD project funded by ADB, IFAD and Government of Finland, MAFF has implemented procurement for goods. Under many other ADB-funded projects such as the Climate-Resilient Rice Commercialization Sector Development Project, the GMS Biodiversity Conservation Corridors Project, MAFF have been procuring goods and works.	Low
C.2 If the answer is yes, what were the major challenges faced by the agency?	MAFF still needs consultants' assistance to help ensure compliance with Government's Standard Operating Procedures on Procurement, and ADB's Procurement	Moderate

QUESTION	RESPONSE ¹	RISK ²
	Guidelines (2015, as amended from time to time) and Guidelines on the Use of Consultants (2013, as amended from time to time).	
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes. Through the annual workplan.	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	4 weeks	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	Yes	High
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	Ad-hoc committee	Moderate
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	The evaluators are qualified officers from relevant technical units.	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	No, it is still subject to approval from others, i.e., Bid Evaluation Committee (BEC)	Moderate
C.16 Using the three 'worst-case' examples in the last year, how long from the issuance of the invitation for bids can the contract be awarded?	For ICB and CQS at least 60 to 90 days	Moderate
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	No	High
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes	Low

QUESTION	RESPONSE ¹	RISK ²
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Moderate
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes	Low
Consulting Services		
C.22 Has the agency undertaken foreign- assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	Yes. For the ongoing TSSD project funded by ADB, IFAD and Government of Finland, MAFF has implemented procurement of consulting services. Under many other ADB-funded projects such as the Climate-Resilient Rice Commercialization Sector Development Project, the GMS Biodiversity Conservation Corridors Project, MAFF have been procuring consulting services.	Low
C.23 If the above answer is yes, what were the major challenges?	MAFF still needs consultants' assistance to help ensure compliance with Government's Standard Operating Procedures on Procurement, and ADB's Procurement Guidelines (2015, as amended from time to time) and Guidelines on the Use of Consultants (2013, as amended from time to time).	Moderate
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes	Low
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Yes	Low
C.26 What criteria are used to evaluate EOIs?	Experience of the firm Approach and methodology Personnel	Moderate
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS and CQS	Moderate
C.28 Do firms have to pay for the RFP document?	No	Low
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	No	Moderate
C.31 Are minutes prepared and circulated after pre-proposal meetings?	No	Low
C.32 To whom are the minutes distributed?	Consultant Selection Committee, BEC	Moderate

QUESTION	RESPONSE ¹	RISK ²
C.33 Are all queries from consultants answered/addressed in writing?	Yes	Low
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes	Low
C.35 Are proposal securities required?	Yes	High
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	Yes	Low
C.38 Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39 Who determines the final technical ranking and how?	PRC and final decision by ADB	Low
C.40 Are the technical scores sent to all firms?	No	Low
C.41 Are the financial proposal opened in public?	No	high
C.42 Are minutes of the financial opening distributed?	No	High
C.43 How is the financial evaluation completed?	Combined technical and financial scores	Moderate
C.44 Are face to face contract negotiations held?	Yes, for large contracts	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	2-5 working days	Moderate
C.46 What is the usual basis for negotiation?	Face to face	High
C.47 Are minutes of negotiation taken and signed?	Yes, negotiation minutes are taken and signed by all involved parties.	Low
C.48 How long after negotiation is the contract signed, on average?	21 calendar days after negotiation	Moderate
C.49 Is there an evaluation system for measuring the outputs of consultants?	No	High
Payments		
C.50 Are advance payments made?	No advance payments are made without securing an advance payment guarantee	Low
C.51 What is the standard period for payment included in contracts?	28 calendar days	Low

QUESTION	RESPONSE ¹	RISK ²
C.52 On average, how long is it between receiving a firm's invoice and making payment?	28 calendar days	Low
C.53 When late payment is made, are the beneficiaries paid interest?	Yes, with an interest rate of 8% per annum.	Moderate
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents?	No	High
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Low
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	PRC and development partner	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		
a) Bidding document, invitation to pre-qualify or RFP	PRC	Moderate

QUESTION	RESPONSE ¹	RISK ²
a) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Consultant Evaluation Committee (CEC)	Moderate
b) Evaluation reports	BEC	High
c) Notice of award	PRC Chair	Low
d) Invitation to consultants to negotiate	CEC	
e) Contracts	PRC Chair	Low
E.6 Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	No, different persons are responsible for each of the mentioned tasks.	Low
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Low

B. National Committee for Sub-National Democratic Development (NCDDS)

QUESTION	RESPONSE	RISK
A. ORGANIZATIONAL AND STAFF CAPACITY		
PROCUREMENT DEPARTMENT/UNIT		
A.1 Does the agency or Government have a Procurement Committee that is independent from the head of the agency?	Yes	Low
A.2 Does the agency have a procurement department/unit, including a permanent office that performs the function of a Secretariat of the Procurement Committee?	Yes	Low
A.3 If yes, what type of procurement does it undertake?	Procurement of goods, services and small works at Commune/Sangkat level	High for CW
A.4 How many years' experience does the head of the procurement department/unit have in a direct procurement role?	10 years	Low
A.5 How many staff in the procurement department/unit are: i. full time ii. part time iii. seconded	4 staffs	Low
A.6 Do the procurement staff have a high level of English language proficiency (verbal and written)?	Yes	Low

QUESTION	RESPONSE	RISK
A.7 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes	Low
A.8 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
A.9 Does the agency have, or have ready access to, a procurement training program?	Yes	Moderate
A.10 At what level does the department/unit report (to the head of agency, deputy etc.)?	Head of NCDDS (Secretary of State from the Ministry of Interior)	Low
A.11 Do the procurement positions in the agency have job descriptions, which outline specific roles, minimum technical requirements and career routes?	Yes	Low
A.12 Is there a procurement process manual for goods and works?	Yes	Low
A.13 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
A.14 Is there a procurement process manual for consulting services?	Yes	Low
A.15 If there is a manual, is it up to date and does it cover foreign-assisted projects?	Yes	Low
PROJECT MANAGEMENT UNIT		
A.16 Is there a fully (or almost fully) staffed PMU for this project currently in place?	Yes	Low
A.17 Are the number and qualifications of the staff sufficient to undertake the additional procurement that will be required under the proposed project?	Yes	Low
A.18 Does the unit have adequate facilities, such as PCs, internet connection, photocopy facilities, printers etc. to undertake the planned procurement?	Yes	Low
A.19 Are there standard documents in use, such as Standard Procurement Documents/Forms, and have they been approved for use on ADB funded projects?	Yes	Low

QUESTION	RESPONSE	RISK
A.20 Does the agency follow the national procurement law, procurement processes, and guidelines?	SOP and NCDDS' procurement manual	Low
A.21 Do ToRs for consulting services follow a standard format such as background, tasks, inputs, objectives and outputs?	Yes	Low
A.22 Who drafts the procurement specifications?	Most relevant staffs	Low
A.23 Who approves the procurement specifications?	PRC	Low
A.24 Who in the PMU has experience in drafting bidding documents?	Project Manager and Procurement Officer	Low
A.25 Are records of the sale of bidding documents immediately available?	Yes	Low
A.26 Who identifies the need for consulting services requirements?	Project Manager	Moderate
A.27 Who drafts the Terms of Reference (ToR)	Project Manager and Team Leader	Moderate
A.28 Who prepares the request for proposals (RFPs)	Procurement Officer	Moderate
B. INFORMATION MANAGEMENT		
B.1 Is there a referencing system for procurement files?	Yes	Low
B.2 Are there adequate resources allocated to record keeping infrastructure, which includes the record keeping system, space, equipment and personnel to administer the procurement records management functions within the agency?	Yes	Moderate
B.3 Does the agency adhere to a document retention policy (i.e. for what period are records kept)?	5 years	Moderate
B.4 Are copies of bids or proposals retained with the evaluation?	Yes	Low
B.5 Are copies of the original advertisements retained with the pre-contract papers?	Yes	Low
B.6 Is there a single contract file with a copy of the contract and all subsequent contractual correspondence?	Yes	Low
B.7 Are copies of invoices included with the contract papers?	No	Moderate

QUESTION	RESPONSE	RISK
B.8 Is the agency's record keeping function supported by IT?	No	Moderate
C. PROCUREMENT PRACTICES		
Goods and Works		
C.1 Has the agency undertaken procurement of goods or works related to foreign assistance recently (last 12 months or last 36 months)? If yes, indicate the names of the development partner/s and project/s.	Yes, from ADB, IFAD, and UNDP	Low
C.2 If the answer is yes, what were the major challenges faced by the agency?	Too frequent update of the procurement procedures istime consuming.	Moderate
C.3 Is there a systematic process to identify procurement requirements (for a period of one year or more)?	Yes	Low
C.4 Is there a minimum period for the preparation of bids and if yes, how long?	1month	Low
C.5 Are all queries from bidders replied to in writing?	Yes	Low
C.6 Does the bidding document state the date and time of bid opening?	Yes	Low
C.7 Are bids opened in public?	Yes	Low
C.8 Can late bids be accepted?	No	Low
C.9 Can bids (except late bids) be rejected at bid opening?	Yes	High
C.10 Are minutes of the bid opening taken?	Yes	Low
C.11 Are bidders provided a copy of the minutes?	Yes	Low
C.12 Are the minutes provided free of charge?	Yes	Low
C.13 Who undertakes the evaluation of bids (individual(s), permanent committee, ad-hoc committee)?	BEC	Low
C.14 What are the qualifications of the evaluators with respect to procurement and the goods and/or works under evaluation?	The evaluators are qualified officers from relevant technical units	Low
C.15 Is the decision of the evaluators final or is the evaluation subject to additional approvals?	Subject to PRC's approval	Low
C.16 Using the three 'worst-case' examples in the last year, how long from	3months	Moderate

QUESTION	RESPONSE	RISK
the issuance of the invitation for bids can the contract be awarded?		
C.17 Are there processes in place for the collection and clearance of cargo through ports of entry?	Yes	Low
C.18 Are there established goods receiving procedures?	Yes	Low
C.19 Are all goods that are received recorded as assets or inventory in a register?	Yes	Low
C.20 Is the agency/procurement department familiar with letters of credit?	Yes	Low
C.21 Does the procurement department register and track warranty and latent defects liability periods?	Yes	Low
Consulting Services		
C.22 Has the agency undertaken foreign- assisted procurement of consulting services recently (last 12 months, or last 36 months)? (If yes, please indicate the names of the development partner/s and the Project/s.)	ADB and IFAD	Low
C.23 If the above answer is yes, what were the major challenges?	Too many steps to follow	Moderate
C.24 Are assignments and invitations for expressions of interest (EOIs) advertised?	Yes	Low
C.25 Is a consultants' selection committee formed with appropriate individuals, and what is its composition (if any)?	Fourmembers including MEF	Moderate
C.26 What criteria are used to evaluate EOIs?	Eligibility; Technical competence; Geographical experience; and Management competence	Moderate
C.27 Historically, what is the most common method used (QCBS, QBS, etc.) to select consultants?	QCBS	Moderate
C.28 Do firms have to pay for the RFP document?	No	Low
C.29 Does the proposal evaluation criteria follow a pre-determined structure and is it detailed in the RFP?	Yes	Low
C.30 Are pre-proposal visits and meetings arranged?	Yes	Low

QUESTION	RESPONSE	RISK
C.31 Are minutes prepared and circulated after pre-proposal meetings?	Yes	Low
C.32 To whom are the minutes distributed?	Representative of the firms who attended	Low
C.33 Are all queries from consultants answered/addressed in writing?	Yes	Low
C.34 Are the technical and financial proposals required to be in separate envelopes and remain sealed until the technical evaluation is completed?	Yes	Low
C.35 Are proposal securities required?	No	Low
C.36 Are technical proposals opened in public?	Yes	Low
C.37 Are minutes of the technical opening distributed?	No	Moderate
C.38 Do the financial proposals remain sealed until technical evaluation is completed?	Yes	Low
C.39 Who determines the final technical ranking and how?	PRC	Low
C.40 Are the technical scores sent to all firms?	No	Moderate
C.41 Are the financial proposal opened in public?	Yes	Low
C.42 Are minutes of the financial opening distributed?	Yes	Low
C.43 How is the financial evaluation completed?	Combined technical and financial scores	Moderate
C.44 Are face to face contract negotiations held?	Yes	Low
C.45 How long after financial evaluation is negotiation held with the selected firm?	1 month	Moderate
C.46 What is the usual basis for negotiation?	Price	Moderate
C.47 Are minutes of negotiation taken and signed?	Yes	Low
C.48 How long after negotiation is the contract signed, on average?	1month	Moderate
C.49 Is there an evaluation system for measuring the outputs of consultants?	No	High
Payments		
C.50 Are advance payments made?	Yes	Low

QUESTION	RESPONSE	RISK
C.51 What is the standard period for payment included in contracts?	Within 28 days	Low
C.52 On average, how long is it between receiving a firm's invoice and making payment?	2weeks	Moderate
C.53 When late payment is made, are the beneficiaries paid interest?	No	Moderate
D. EFFECTIVENESS		
D.1 Is contractual performance systematically monitored and reported?	Yes	Low
D.2 Does the agency monitor and track its contractual payment obligations?	Yes	Low
D.3 Is a complaints resolution mechanism described in national procurement documents?	Yes	Low
D.4 Is there a formal non-judicial mechanism for dealing with complaints?	Yes	Low
D.5 Are procurement decisions and disputes supported by written narratives such as minutes of evaluation, minutes of negotiation, notices of default/withheld payment?	Yes	Low
E. ACCOUNTABILITY MEASURES		
E.1 Is there a standard statement of ethics and are those involved in procurement required to formally commit to it?	Yes	Low
E.2 Are those involved with procurement required to declare any potential conflict of interest and remove themselves from the procurement process?	Yes	Low
E.3 Is the commencement of procurement dependent on external approvals (formal or de-facto) that are outside of the budgeting process?	No	Low
E.4 Who approves procurement transactions, and do they have procurement experience and qualifications?	PRC	Low
E.5 Which of the following actions require approvals outside the procurement unit or the evaluation committee, as the case may be, and who grants the approval?		

QUESTION	RESPONSE	RISK
f) Bidding document, invitation to pre-qualify or RFP	Yes	Low
g) Advertisement of an invitation for bids, pre-qualification or call for EOIs	Yes	Low
h) Evaluation reports	Yes	Low
i) Notice of award		Low
j) Invitation to consultants to negotiate	Yes	Low
k) Contracts	Yes	Low
E.6 Is the same official responsible for: (i) authorizing procurement transactions, procurement invitations, documents, evaluations and contracts; (ii) authorizing payments; (iii) recording procurement transactions and events; and (iv) the custody of assets?	Yes	Moderate
E.7 Is there a written auditable trail of procurement decisions attributable to individuals and committees?	Yes	Moderate

^a High = likely to occur, high impact if occurs; Substantial = unlikely to occur, high impact if occurs; Moderate = likely to occur, low impact if occurs; Low = unlikely to occur, low impact if occurs.

PROJECT PROCUREMENT RISK ANALYSIS

SL No.	RISK	IMPACT	LIKELIHOOD	STRATEGY
A6, A7, A9, A16, A17, A23, C1, C2, C14, C22, C23	Procurement department and/or project management unit have insufficient qualified staff to efficiently undertake the procurements required to implement the project.	Moderate	The Ministry of Agriculture, Forestry and Fisheries lacks resources and capacity and will require services of expert consultants/firm to assist them in planning and implementing the proposed project.	Engagement of a team of international and domestic implementation consultants to build project management capacity including procurement capability during the project implementation is recommended
A19-A20	The agency uses practices inconsistent with national procurement law or bidding documents unsuitable for ADB-funded procurement.	Moderate	Law mandates the use of Standard National Competitive Bidding (NCB) Documents shown in Annex IV a (Goods NCB), and Annex IV c (Works NCB) all for procurement when the contract value(s) are below the threshold set for International Competitive Bidding (ICB) as indicated in Annex III of the Procurement Manual Volume 1 (May 2012).	Loan agreement to ensure that ADB documents are used for ICB projects.
B2-B3	Record-keeping is inadequate to enable internal or external audit of procurement processes.	Low	Unlikely	
A25, C4-C12, C24-C44, C47, D5, E7	The agency does not promote non-discriminatory participation, transparent tender processes (including advertisement, tender documentation, tender evaluation, complaints mechanism)?	Low	Unlikely	
C15, E1- E6	The agency has inadequate ethics and anticorruption measures in place.	Moderate	The sector does have ethics and anticorruption measures in place but poorly defined and apparently not enforced.	Loan agreement shall mandate the use of ADB's guidelines, procedures, and documents.

PROCUREMENT STAFFING, ROLES AND RESPONSIBILITIES

The government's Procurement Manual Volume 1, updated May 2012 is referred to for all externally funded projects.

Scope	PMU	Bid Opening	PRC	BEC	CEC
	On a project by project basis depending on the capacity of the EA and the agreement with the DA the EA will establish a PMU with the delegated authority to implement the project or TA in an efficient and effective manner. The PMU acts as the focal point for project implementation and carries out the day-to-day project management and administration. It undertakes all of the core procurement activities required by the project.	The process of transparently receiving, storing and processing bid openings in accordance with the SOP/PM/FMM	The exclusive duty of the PRC is to review, consider and approve bid and proposal evaluation reports (BER/TER/Combined Evaluation Report) for the award of goods, and civil works, and consulting services procured under the project. The PRC is the only authority to approve the award of contracts. Review and approve evaluation of individual consultants. Review and approves draft bid documents and RFPs. Review and approve shortlist of consulting firms. Reviews and approves contract amendments and variations that increase original contract value or increase scope of works.	The responsibility of the BEC is to review all bids submitted and prepare BER for the consideration of the PRC in respect of goods, and works. The BEC's BER for goods and works shall be submitted, by the BEC Chair to the PRC for review and final approval, before the contract may be awarded.	The responsibility of CEC is as follows: Evaluate all Expression of Interests and select short list of firms. Carry out evaluation of technical and financial proposals for consulting services Prepare the TER. Rank the firms after combined evaluation of technical and financial proposals. Submit the TER and combined Evaluation Reports and Recommendation for award of contracts to PRC for approval. Carry out evaluation of individual consultants.
Project Director	✓		✓ (Major) Chairs (General)		
Project Manager	✓	✓ Chairs	✓ (Major) Chairs (Minor)		
Administration Officer	✓				
Financial Officer	✓	✓	✓ (alternate General, alternate Minor)	✓	✓ (alternate General, alternate Minor)
Technical Officer	✓		✓ (Minor)	✓	✓ (Major x 2, General x 2) Chairs (Minor)
Procurement Officer	✓	✓	✓ (Secretary for Major, General, Minor)	✓ Chairs	✓ (Minor)
EA Head			✓ Chairs (Major)		
EA Representative			✓ (Major, General)		
MEF/DIC Representative(s)			✓ (Major x 2, General x 2, Minor)		✓ (Major x 2, General x 2,

Scope	PMU	Bid Opening	PRC	BEC	CEC
					Minor)

BEC = Bid Evaluation Committee; BER = bid evaluation report; CEC = Consultant Evaluation Committee; DA = donor agency; DIC = Department of International Cooperation; EA = executing agency; FMM = financial management manual; MEF = Ministry of Economy and Finance; PM = procurement manual; PMU = project management unit; PRC = procurement review committee; RFP = request for proposal; SOP = standard operating procedure; TA = technical assistance; TER = technical evaluation report.

PROCUREMENT REVIEW COMMITTEE

Membership and Thresholds of the government’s Procurement Manual Volume 1, updated May 2012 is referred to for all externally funded projects.

Goods, Works and Consulting Services Procurement

The membership of the three Procurement Review Committees for procurement of Goods, Works and Consulting Services and their respective threshold amounts are given below:

Minor Procurement Committee				
Membership				
Project Manager, Chair	Project Technical Officer		MEF/DIC representative (or Project Financial Officer)	
Thresholds				
Goods ≤ \$50,000	Works ≤ \$100,000		Consulting Services < or = to \$50,000	
General Procurement Committee				
Membership				
Project Director, Chair	Project Manager	EA Representative	MEF Representative	MEF representative (or Project Financial Officer)
Thresholds				
> \$50,000 Goods <= \$1,000,000	\$100,001 > Works <= \$3,000,000		\$50,000 < Consulting Services > or equal to \$1,000,000	
Major Procurement Committee				
Membership				
Head of EA or representative, Chair	Project Director	Representative appointed by EA	MEF Representative	MEF Representative
Goods > \$1,000,000	Works > \$3,000,000		Consulting Services > \$1,000,000	

Membership of Bid Evaluation Committee Goods and Works Procurement

Bid Evaluation Committee		
Membership		
Procurement Officer, Chair	Technical Officer	Financial Officer
Thresholds		
For ALL values of contract		

Note: If the Technical Officer or the Financial Officer is a member of the PRC, the Project Director or the Project Manager, in accordance with his/her delegated authority, will select a suitable replacement.

**Membership of Consultants' Evaluation Committees (CEC)
All Consulting Services**

The three CECs will be responsible for carrying out the evaluation of expression of interests and the evaluation of the technical and financial proposals for consulting services:

Minor Consultants' Evaluation Committee				
Membership				
Project Technical Officer (Chair)	Procurement Officer		MEF/DIC representative (or Project Financial Officer at discretion of MEF/DIC)	
Thresholds				
Consulting Services <= \$50,000				
General Consultants' Evaluation Committee				
Membership				
Project Manager (Chair)	Technical Officer	Technical Officer	MEF/DIC Representative	MEF/DIC representative (or Project Financial Officer at discretion of MEF/DIC)
Thresholds				
Consulting Services >\$50,000 - \$1,000,000				
Major Consultants' Evaluation Committee				
Membership				
Project Manager (Chair)	Technical Officer	Technical Officer	MEF/DIC Representative	MEF/DIC representative
Consulting Services > \$1,000,000				

Note: If a member of the CEC is also a member of the PRC, which will review and approve the Evaluation Report prepared by the CEC, he/she should be replaced either in the CEC or PRC. The Project Director or the Project Manager, in accordance with his/her delegated authority, will determine this and carry out the replacement. The members of the PRC should be of a higher rank than the members of the CEC. For example, the MEF/DIC representative in the PRC should be of higher rank than the MEF/DIC representative in the CEC.