C.   GOOD GOVERNANCE FRAMEWORK (GGF)

C.1 Background and Objectives

The GGF is a recent introduction to the World Bank project portfolio in Cambodia. The process aims to supplement the traditional supply side interventions (such as procurement, financial management) with demand side (such as role of civil society, complaints and grievance mechanisms) to enhance project transparency and accountability in the implementation of World Bank projects. Given the purpose and focus of the DFGG project, it will be held to a high standard of integrity and accountability by local stakeholders and the international community alike. Therefore, every effort must be made to ensure transparency and accountability in project management, and measures need to be put in place to prevent, detect and control any misuse of project resources. This makes the GGF particularly important for this project.

The GGF itself is essentially a matrix that summarizes the range of enhanced procurement, financial management, public participation, transparency, third party verification and other measures which will be applied to projects to reduce and mitigate risks. The general GGF measures are derived from country and sectoral experience with corruption and other aspects of governance. In addition to providing a mechanism to assess the sum of actions being taken, the GGF provides a tool for strengthening supervision and evaluation by both the Government and the Bank of the key activities required to prevent corruption and misuse of project resources. This supervision and evaluation component also provides the Government with the opportunity to test the effectiveness of the GGF measures for eventual incorporation into strengthened country systems.

The GGF matrix which is attached to this subsection is formatted around *eight* categories, namely: (1) Procurement; (2) Financial Management; (3) Disclosure; (4) Civil Society Role; (5) Complaints and Remedies; (6) Code of Ethical Conduct; (7) Sanctions; and (8) Project Specific Elements. The matrix also outlines salient risks that are common to most, if not all, IAs and to the project as a whole.

Given the multiple IAs in the DFGG project, the same template based on the above eight categories has been adopted to prepare a similar '**Good Governance Plan'** (GGP) for each IA. This adds another layer of safeguards for ensuring open and clean management of all activities related to the Project.[31]

As successful achievement of good governance environment largely depends on project leaders, staff and all other external participants (contractors, suppliers, consultants etc.), the overall project GGF and the IA GGPs have each been adopted and signed by their respective PD and senior management level officials in the concerned agencies. They are therefore legally binding documents. In addition an ethical code of conduct has been prepared for staff working on the DFGG project (attachment 2 to this subsection) which also needs to be adopted and adhered to. It is essential that all actors involved in project implementation understand the behaviour expected of them, agree voluntarily to follow the expected standards behaviour by signing the ethical code of conduct, and agree to fully cooperate with investigation in case of allegations of breach of conduct.

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[31] The individual GGPs for each IA are available in the IA Project Proposals included in PIM Volume 2.

C.2 Implementation Responsibilities

The GGF is meant to be a living document that is used as much for monitoring, planning, and strategy as it is for ensuring compliance. This is why the last column of the GGF/GGP includes targets and monitoring indicators that will form the basis for testing the degree to which the GGF and the individual IA GGPs are being effectively implemented.

GGF Implementation

The primary responsibility for implementation and monitoring of the overall project GGF lies with the individual Project Coordinator and PCO Project Director. The Project Coordinator shall not only oversee the overall Project GGF, but also monitor implementation of the IA GGPs. Likewise each IA Project Director needs to ensure implementation of the overall GGF as applicable to his/her own agency.

The Project Coordinator shall consult with the PMT and seek advice from PCG, if necessary, in ensuring that the GGP for each IA and GGF for the Project as a whole is duly implemented. The PCO will assign a staff member, who is independent of the PCO finance and procurement functions, to be responsible for coordinating the GGF activities for the Project.

The PCO shall arrange that the following documents are submitted for Project Coordinator and PMT review:

a) *Annual GGF Plan* to be submitted at the beginning of each year for review of PMT. The annual plan should update the GGF plans, discuss any emerging issues, and seek guidance from PMT on addressing these issues.

b) *A semi-annual progress report* on implementation of the overall GGF. The semi-annual review should focus on actions taken under each of the identified categories, role of civil society in project implementation, the number of grants approved under component 2 for CSO partnership with SIs and their outcome, number of complaints received through grievance and remedies mechanisms and actions taken on complaints, and observations on implementation of IA GGPs.

c) *Internal audit reports* on any specific investigations carried out in the period under review.

GGP Implementation

Each IA Project Director will be responsible for implementation and monitoring of the GGP for their agency. Each Project Director will therefore designate a staff member, who is independent of the finance and procurement units, to be the coordinator for GGP activities.

Under the direction of the GGP coordinator, the following documents will be submitted to the Project Director of each IA:

a) *Annual GGP update* based on the previous year's implantation experience and addressing any issues and problems.

b)   *A semi-annual monitoring report* demonstrating plans, the actions undertaken, their costs, and results.

c)   Identification of areas for investigation or for referring to internal audit.

Training related to GGF/GGPs

Given its recent introduction, there is limited experience in the process as well as limited capacities and expertise in implementation of GGF/GGPs. Continuous learning and training program will be therefore be instituted to learn by experience of the DFGG Project as well as other projects and improve the quality and implementation of GGF/GGPs.

In this regard, the PCO will organize the following activities to support this process:

a)   *An annual workshop* with all IA managers, representatives of CSOs associated with GGF/TTGPs, key staff responsible for GGF in MEF and other project executing ministries, and staff of the World Bank.

b)   *Training sessions* for DFGG staff and CSO staff engaged in DFGG project activities through the Component 3B on Learning.

Attachment 1 to Section V.C:

GGF: Good Governance Framework for the Overall DFGG Project

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
1	**Element 1: Procurement**			
1a	Reduce potential irregularities.	Unless otherwise agreed between the RGC and the IDA, the RGC shall use the services of an International Procurement Agent (IPA) engaged by MEF under TOR satisfactory to IDA for all procurement under all components of the Project, with the following exceptions, which shall be carried out by the respective component IA:	MEF – IPA commenced work in December 2007.	All component IAs to agree IPA's role by negotiations. To be reflected in the Financing Agreement.
		1. procurement under all components (i) through direct contracting, (ii) from UN agencies, (iii) by single source, and (iv) by sole source selection; and	Component IAs.	IDA to monitor through supervision missions and prior and post reviews.
		2. procurement financed by sources other than IDA, including RGC and all bilateral donors.	Component IAs.	IDA to monitor through supervision missions and prior and post reviews. IDA to monitor through supervision missions and prior and post reviews.
		For procurement undertaken by the IPA, each component IA shall prepare technical specifications for goods and works and TOR for consultants and hand over to the IPA, who shall prepare bidding documents and RFPs, call and evaluate bids and recommend award, all in accordance with the WB's Procurement and Consultant Guidelines and the Procurement Provisions of the Financing Agreement, including the use under NCB and Shopping methods of the RGC's Externally Assisted Procurement Manual for Goods, Works and Services (SOP/PM), mandated by MEF Sub-Decree No. 14 dated February 26, 2007.	Component IAs. Included in IPA's TOR.	Supervision of IPA by the RGC's Inter-Ministerial Procurement Committee (IPC). IDA monitoring of IPA's work through quarterly review meetings and prior and post reviews.
1b	Ensure adequate procurement capacity of each component IA.	IDA has reviewed the procurement capacity of each IA and action plans are developed to address capacity issues.	Component IAs with IDA NOL (see IA-specific GGFs).	Agree action plans at appraisal. Implementation of action plans including recruitment of staff by advance action, with staff in place at project commencement.
1c	Avoid risk of	Each IA to prepare realistic annual Procurement Plan	Component IAs with IDA	Agree first 18-month Plan at appraisal.

	inadequate or delayed Procurement Plans.	based on its Annual Work Plan and Budget. Procurement Plans for the first eighteen months of project implementation have already been developed.	NOL (see IA-specific GGFs). PCO to coordinate.	PCO to submit preliminary updated estimates to MEF and IDA annually in June (for MEF budget estimates), preliminary updated plans by September, and final updated plan by December.
1d	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 on Ethical Conduct and Fraud and Corruption in the SOP/PM. Amend item 5 of the Declaration to read: "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." Amended Declaration to be included in all bidding documents, requests for proposals (RFPs), and contracts.	IPA through MEF instruction.	PCO to monitor. IDA to verify through prior and post reviews.

2   Element 2: Financial Management

2a	Strengthen internal controls.	All component IAs to follow SOP/FMM procedures, mandated by Sub-Decree No. 14 dated February 26, 2007, supplemented by a project-specific Financial Management and Disbursement Manual (FMDM) currently at draft stage.	PCO to complete FMDM acceptable to DFGG project Coordinator and obtain IDA NOL. Each component IA Chief Financial Officers to ensure compliance.	Draft FMDM agreed by negotiations and final version to be completed during DFGG pre-implementation stage.[32] Reflect use of SOP/FMM and FMDM in Financing Agreement. IDA to verify compliance during supervision missions. PCO Internal Audit Unit to carry out spot checks on compliance.

[32] The DFGG pre-implementation stage is currently scheduled to run from May to December 2008.

2b	Strengthen financial management capacity.	PCO will recruit a qualified accountant as Financial Management Adviser for the whole Project, and a Project Accountant and two accounting officers for duties within the PCO, all under TOR acceptable to the IDA. Each IA to implement the detailed action plans (including training and recruitment of staff) which have been developed to address issues identified through the financial management capacity assessment carried out during project preparation.	PCO with IDA NOL.	Agree TOR at appraisal. Recruit by October 2008.
			See component specific GGFs.	
2c	Ensure uniform Project accounting and readiness of proprietary software.	PCO will ensure that each component IA establishes a uniform Project accounting system with a common chart of accounts, using a proprietary software package satisfactory to the IDA.	PCO with IDA NOL.	Agree proprietary package by October 2008. PCO to install by effectiveness. IDA to monitor correct use during FM supervision missions.
2d	Ensure comprehensive FM reporting.	All component IAs will utilize a template for interim FM reporting which has been developed and will be agreed. Reports to be submitted to IDA quarterly not more than 45 days after the end of the reporting period.	PCO and all component IAs.	Agree template by negotiations. PCO to monitor FM reports by component IAs for compliance with agreed template and submission deadlines.
2e	Ensure effective internal audit in all component IAs.	An Internal Audit Unit comprising an experienced internal auditor and two assistants will be established in the PCO and be responsible for internal audit of all Project components, including the provincial activities of component IAs.	PCO will prepare TOR for Internal Audit Unit with IDA NOL. PCO will	TOR to be agreed by October 2008. Auditors in place by January 2009.

			recruit auditors.	
2f	Annual external audit of whole Project.	An independent auditor acceptable to IDA will be appointed to carry out an annual audit of project financial statements and effectiveness of internal controls, in accordance with TOR satisfactory to IDA.	PCO to prepare TOR and obtain IDA NOL. IPA to recruit external auditor.	Agree TOR by June 2009. Appointment in time for first annual audit, first quarter 2010.
2g	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. Retain evidence for audit and IDA supervision missions. Petty cash transactions to be limited to amounts less than US$500 equivalent.	Each component IA Chief Financial Officer.	PCO to monitor all other component agencies and report quarterly to MOI. IDA to monitor during supervision missions.
2h	Avoid 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 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.	MEF/IDA to discuss and agree standard DSA for international travel, after which MEF to advise MOI. PCO to ensure compliance of all component IAs.	International DSA rates to be agreed by October 2008. Until then, IAs may use IDA rates for overseas travel. IDA to monitor SOEs with withdrawal applications.
2i	Planning of training, workshops and study tours.	Each component IA will establish an Annual Training and Workshop Plan in accordance with its approved Project Proposal. The Plan should include: 1. Detailed costs estimates. 2. Eligibility rules for attending training, workshops and study tours. Attendees must: • 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. 3. Evidence that training, workshops, study tours and other similar activities: • are in line with project aims and objectives • meet identified needs within the subcomponent plans	The PCO will coordinate component IA Plans and submit to IDA for NOL. PCO and project agencies to follow Working Group guidelines when issued (see below).	NOL in March and submission to MEF in June (for MEF initial round of budget submissions). IDA to verify through its membership of Working Group.

• have budget in line with planned expenditure.

	Cost guidelines to be established for selected training/workshop activities: • venue rental with refreshments/meals • sound and projection equipment hire • stationery/hand-outs • project-specific training and workshop materials • simultaneous translators • photocopying, reproduction, translation	Working Group comprising MEF, IAs of all projects and IDA.	Establish Working group by August 2008. Agree guidelines and issue directive to all IDA-funded projects by end-December 2008.
	Define evidence to be submitted by attendees for reimbursement of expenses which may include: • proof of attendance for period claimed with signed statement by the workshop, training or study tour organizer or host; • proof of travel by air – ticket stubs, travel agent's receipt, airline boarding passes • receipted hotel bills (for proof of stay); • receipts for incidental traveling expenses; • receipted invoices for venue rental, food and beverage, sound/projection equipment, hire of simultaneous translator, stationery and handouts, use of photocopying facilities.	Working Group to define evidence and include in directive. PCO to ensure compliance of component IAs.	Directive issued by December 2008. IDA to monitor SOEs with withdrawal applications.
	Reimburse against receipts except where covered by fixed allowances in MEF's letter No. 2000. Evidence of payment to be kept for attendees' per diem and allowances.	Each component IA Chief Financial Officer.	PCO to monitor compliance. IDA to monitor SOEs with withdrawal applications and verify during supervision missions.
2j	Avoid delayed or non-existent reconciliation of advances for operating costs and expenses.	Each component IA will maintain an advance register, vehicle logbook and fuel register. Advances for operating costs and expenses to offices, individuals or groups involved in project activities to be reconciled within two weeks 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.	Each component IA Chief Financial Officer.	PCO to monitor compliance. IDA to verify during supervision missions.
2k	Adoption of the MBPI and PMG for	MEF and MOI agree that the State component IAs will adopt the MBPI and PMG systems of salary incentives.	PCO to complete the	Manual and cost sharing to be approved during negotiations. PCO to monitor

State implemented components.	The MBPI and PMG will be implemented strictly according to the MBPI and the PMG Manuals to be prepared for the Project.	MBPI and PMG Manuals, including cost sharing basis, for MEF and IDA approval.	application

3 Element 3 : Disclosure

3a	Minimize conflict of interest among project staff.	Project staff to disclose private and public affiliations or personal interest before becoming involved in any project-related transaction or contract award decision.	Project managers of all component IAs to ask for and retain written disclosure.	PCO to monitor. IDA to verify during supervision missions.
3b	Enhance transparency through greater public disclosure of project information.	Component IAs to disclose information on their individual websites in accordance with guidelines set forth in their Communications Plans, with hard copies available at component IA offices for public inspection on request. As a minimum, disclosed information is expected to include: • 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 implementing agency, name of Project Director with contact information, name of WB TTL and contact information in the MEF-WB unit and WB Office in Cambodia • IA project proposals agreed at appraisal • Annual Work Program 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 • bidding documents and RFP's to be available for inspection • bid closing dates, names of bidders and their bid prices	PCO to coordinate lists of information to be disclosed by each component IA and agree with IDA. Each component IA responsible for disclosure of information concerning its component. IPA will disclose procurement information.	By Negotiations. PCO to monitor progress during reviews. Biannually. PCO to monitor compliance and IDA to verify during supervision missions.

		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		
		• project progress reports, detailing project components, percentage completion, data on performance indicators, and planned and actual disbursements by subcomponent		
		• annual financial statements and audit opinion		
		• other specific reports prepared by the project		
		• complaints and remedies and mechanism		
		• code of ethical conduct		
3c	Enhance Project visibility through the media.	PCO will establish the Learning and Communications Working Group to advise on learning, dissemination and communication activities for the Project.	PCO.	Learning and Communications Working Group established during DFGG pre-implementation stage.
		Component IAs and the PCO to implement the project's Communications Strategy so as to raise public awareness on governance issues, report on Project activities, help protect reform leaders and their civil society partners from reprisals and backlash, and manage negative publicity and scandals.	Component IAs and the PCO.	Continuously after Project commencement. PCO to monitor progress. IDA to verify implementation during supervision missions.
4	**Element 4: Civil Society Role**			
4a	Greater involvement with CSOs.	All component IAs to implement their Partnership Plans included in the PIM, which will include the involvement of CSO(s) in selected aspects of project implementation and invitation to observe selected events.	PIM to be cleared by MOI and subject to NOL from IDA.	Agree PIM during DFGG pre-implementation stage.
		All major CSO involvement to be recorded in Project progress reports.	PCO to coordinate with all State component IAs on reporting.	PCO to monitor CSO involvement in State components. IDA to verify during supervision missions.
5	**Element 5: Complaints (Grievances) and Remedies Mechanism**			
5a	Introduce a formal complaints/grievances and remedies mechanism covering all components of the project.	The PIM will include a project-wide complaints and remedies mechanism for all components, including sub-procedures specific to particular components as necessary.	PCO with IDA NOL to PIM.	Agree PIM during DFGG pre-implementation stage. PCO to monitor adoption of complaints and remedies mechanism. IDA to verify during supervision missions.
		Complaints procedures regarding procurement to follow		IDA to monitor during prior or post

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		process set out in SOP/PM	IPA/PCO.	reviews.
5b	Support the formal complaints mechanism with establishment of help lines and feedback channels.	PCO will establish informal advice- and information-giving mechanisms, as well as consultative meetings, dialogues and workshops, allowing for informal feedback to be provided, in a format and manner appropriate to the needs of the broad stakeholder of Project initiatives (especially those potentially affected by the project's initiatives).	PCO in consultation with component IAs to prepare mechanisms and include in the PIM.	Agree PIM during DFGG pre-implementation stage. PCO to monitor usage of help line and feedback channels. IDA to verify adoption during supervision missions.
6	**Element 6: Code of Ethical Conduct**			
6a	No overall Code of Conduct for civil servants.[33]	**Each component IA to design Code for its project staff, including contracted staff, to sign individually. Government agencies may incorporate material from the Civil Service Statute of 1994.**	Each component IA to design its Code.	Design and furnish copies to IDA during DFGG pre-implementation stage. PCO to monitor adoption. IDA to verify adoption during supervision missions.
7	**Element 7: Sanctions**			
7a	Reinforce Code of Conduct with sanctions for fraudulent and corrupt activity by staff of project agencies, contractors, suppliers and consultants.	Each component IA to identify and apply to project staff sanctions available under current law of Cambodia and its own regulations. Sanctions against contractors, suppliers and consultants will be those defined in Section 3 of the SOP/PM.	Each component IA to identify and disseminate with Code of Ethical Conduct.	Define and furnish copy to IDA during DFGG pre-implementation stage. PCO to monitor application and IDA to verify during supervision missions.
		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 introduced in October 2006 and as may be updated subsequently.	IDA to provide copies of its ACG and Sanctions Regime to PCO and all IAs.	Copy of ACG and Sanctions Regime provided to PCO during appraisal. IDA may apply sanctions whenever evidence is found.
8	**Element 8: Project Specific Elements**			
8a	Verification and technical audit to prevent capture of Project resources for non-intended recipients or for personal benefit of individuals or groups	The PCO will recruit a team of independent technical audit consultants, both international and national, to carry out intermittent audit of all activities of the Project. The focus will be on due diligence to verify that goods, works and services being financed by the IDA Grant are in place in the specified quantity and acceptable quality, counterpart resources are in place, and that outputs of all activities are in line with Project design.	PCO will prepare TOR and obtain IDA NOL. IPA will recruit the technical audit consultants with IDA NOL during recruitment process.	During DFGG pre-implementation stage. Consultants in place by June 2009.

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[33] See Code of Conduct as Attachment 2 to this Subsection.

with vested interests.

8b	Use the GGF as a management tool with regular reviews and updates by mutual agreement.	PCO with senior management of component IAs to conduct quarterly reviews of the GGF and any other fiduciary risks, identify early warning signs and mitigation measures, and propose updates of the GGF as necessary for the IDA's consideration, to ensure that effective and adequate controls are in place.	PCO and all IAs.	PCO to report to the Government's ACWG and IDA within two weeks of each quarterly review.
		The PCO, with assistance from the Project Preparation Team will design and deliver training in risk management and anti-corruption, through workshops for all Project staff of all levels in component IAs financed under the supplemental PPF.	PCO and Project Preparation Team with IDA guidance and overview.	Training workshops to take place during DFGG pre-implementation stage when IA implementation teams are in place.
8c	Promote synergy, cross-learning and constructive competition among components of the Project.	PCO to arrange quarterly workshops among component IAs to share experience of problems encountered by them, and effectiveness of solutions applied. The workshops would also enhance healthy competition among IAs in promoting effective project management and innovation in good governance.	PCO and all component IAs.	Quarterly. PCO to report on workshops to MOI and all component IAs, with copy to IDA, not later than two weeks after each workshop.
8d	Strengthen oversight, monitoring and feedback on Project initiatives through demand-side social accountability.	Supplement the enhanced CSO role (item 4a) by engaging citizens and the media to monitor and provide feedback on the outputs and outcomes of project activities and organizing internships, dialogue, training workshops and focus events to reach out to NGOs, CSOs and other civic groups to publicize the Project's work. An example would be to organize a high profile nation-wide essay contest and art competition for youths on International Anti-Corruption Day (December 9) to solicit vision and ideas for the future.	All IAs to organize working groups and design activity plans, with PCO coordination.	IAs to draft plans during DFGG pre-implementation stage. PCO to furnish copies to IDA. PCO to monitor implementation.

The DFGG Project
Project Implementation Manual

Attachment 1 to Section V.C:

GGF: Proposed Code of Conduct for Employees, Consultants, and Associates involved with the DFGG Project

All employees, associates and consultants of the project will undertake to do the following:

1.   Act with honesty and integrity, avoiding actual or apparent conflicts of interest in one's personal and professional relationships, not allowing one's private interest to influence, or appear to influence, the impartial and objective performance of official duties.

2.   Respect the laws of the Kingdom of Cambodia, comply with all rules and regulations of the Royal Government of Cambodia, and adhere to the relevant guidelines of the World Bank.

3.   Decline or reject any gift, bribe or favour that may influence the exercise of official authority, performance of duty or judgment, except in the case of conventional hospitality or minor gifts with an estimated value of less than US$10.

4.   Not to use official authority and power of the office for one's own personal benefit or misuse one's official position to influence any person or organization for private purpose.

5.   Act in good faith, diligence, and accountability in the discharge of one's official responsibilities, and not compromise one's independent judgment.

6.   Exercise responsible use, control, and stewardship over all public finances, assets, facilities, services and resources and not use them for private purposes except when permission is lawfully given.

7.   Resist the temptation of nepotism and favouritism in one's duties, including misusing one's official power and resources to benefit private interests including those of the family, close relatives, friends and persons or organizations with whom one has had business or political relations.

8.   Strive to engage the public, external partners and constituencies with openness and transparency, and at the same time respect the confidentiality of information acquired in the course of one's work, except when legally or professionally obligated to disclose.

9.   Proactively promote and be an example of ethical behaviour among one's peers, in the workplace, and in the community.

10.   If one is aware of any evidence or suspicion of breaches of this Code, to report such concerns to the relevant authorities.

D. Complaints Handling System

D.1 Introduction

Since the DFGG project aims to assist the RGC reform process by encouraging and enabling demand-side citizen involvement in governance and social accountability processes, as well as building the capacity of participating SIs to better respond to demand-side concerns, it is especially important that the design of all project components incorporate mechanisms and processes to address complaints that may arise in the course of project implementation, as a result of their activities or omissions therein.

The DFGG Project, although time-bound, will therefore establish a Complaints Handling System (CHS) that will receive and act upon complaints from citizens or organizations in relation to any occurrences for which the DFGG Project is directly responsible (or believed to be responsible), and which are perceived by the aggrieved party to have involved corrupt, illegal, unjust, or unfair activities, omissions, or behavior.

The CHS will consist of mechanisms and procedures at *two levels*: (i) the various IAs; and (ii) a Complaints Handling Mechanism (CHM) which will involve the PMT and, as need, the PCG, and will be supported through the MOI's PCO. These are briefly described below.

What constitutes a 'complaint'?

For the purposes of the DFGG Project, a complaint is a notification (in written, verbal or electronic form) regarding project activities and/or conduct of staff, consultants, partners and/or sub-contractors of the six IAs, directly or indirectly supporting the project or associated with its implementation, which the complainant believes is wrong, either under the law or on the grounds of unacceptable behavior.

The complainant(s) need not be personally aggrieved or impacted, and may be acting merely in accordance with a sense of civic duty in bringing an occurrence to the attention of project authorities.

All complaints, whether notified by persons who feel personally aggrieved or acting out of a sense of civic duty, will be acknowledged and acted upon by project authorities.

D.2 CHS at the IA level

As such, most of the IAs already have some form of complaints handling already existent – e.g. the AC already has standard procedures and guidelines to handle complaints and related questions with regards to labor disputes that are registered with it. Similarly, MONASRI has a complaints handling department, and the NCDDS shall be using the office of the District