4.9 Governance and procurement

Principle: The developer has sound corporate business structures, policies and practices; addresses transparency, integrity and accountability issues; can manage external governance issues (e.g. institutional capacity shortfalls, political risks including transboundary issues, public sector corruption risks); can ensure compliance; and procurement processes are equitable, transparent and accountable.

Scope: Corporate and external governance considerations for the project, and all project-related procurement including works, goods and services.

Requirements:

Criteria	Minimum requirements (good practice)	Advanced requirements (best practice)
Assessment	**Preparation Stage:** Assessments have been undertaken of political and public sector governance issues, corporate governance requirements and issues, major supply needs, supply sources, relevant legislation and guidelines, supply chain risks and corruption risks through the project development cycle. **Implementation Stage:** *Governance* – Processes are in place to identify any ongoing or emerging political and public sector governance issues, and corporate governance requirements and issues, and to monitor if corporate governance measures are effective. *Procurement* – Major supply needs, supply sources, relevant legislation and guidelines, supply chain risks and corruption risks have been identified through an assessment process; ongoing monitoring is being undertaken to monitor effectiveness of procurement plans and processes. **Operation Stage:** Ongoing or emerging political and public sector governance issues, and corporate governance requirements and issues have been identified, and monitoring is being undertaken to assess if corporate governance measures are effective.	**Preparation Stage, Implementation Stage and Operation Stage:** There are no significant opportunities for improvement in the assessment of political and public sector governance issues and corporate governance requirements and issues; and the assessment includes opportunities for local suppliers and local capacity development.
Management	**Preparation Stage** *Governance* – Processes are in place to manage corporate, political and public sector risks, compliance, social and environmental responsibility, grievance mechanisms, ethical business practices, and transparency; policies and processes are communicated internally and externally as appropriate; and independent review mechanisms are utilised to address sustainability issues in cases of project capacity shortfalls, high sensitivity of particular issues, or the need for enhanced credibility. *Procurement* – Procurement plans and processes have been developed for project implementation and operation.	**Preparation Stage and Implementation Stage:** *Governance* – Contractors are required to meet or have consistent policies as the developer; and processes are in place to anticipate and respond to emerging risks and opportunities, sustainability and anti-corruption criteria are specified in the pre-qualification screening; and anti-corruption measures are strongly emphasised in procurement planning processes. *Procurement* – processes are in place to anticipate and respond to emerging risks and opportunities; sustainability and anti-corruption criteria are specified in the pre-qualification screening; and anti-corruption measures are strongly emphasised in procurement planning processes.

	Implementation Stage: *Governance* – same as Preparation stage. *Procurement* – Measures are in place to guide procurement of project goods, works and services and address identified issues or risks, and to meet procurement related commitments. **Operation Stage:** Processes are in place to manage corporate, political and public sector risks, compliance, social and environmental responsibility, procurement of goods and services, grievance mechanisms, ethical business practices, and transparency; policies and processes are communicated internally and externally as appropriate; in case of capacity shortfalls, appropriate external expertise is contracted for additional support.	**Operation Stage:** Contractors are required to meet or have consistent policies as the developer; procurement processes include anti-corruption measures as well as sustainability and anti-corruption criteria specified in pre-qualification screening; and processes are in place to anticipate and respond to emerging risks and opportunities.
Conformance/ Compliance	**Preparation Stage, Implementation Stage and Operation Stage:** The project has no major non-compliances.	**Implementation Stage and Operation Stage:** There are no non-compliances or non-conformances
Outcomes	**Preparation Stage:** *Governance* – There are no significant unresolved corporate and external governance issues identified *Procurement* – Procurement of works, goods and services across major project components is equitable, efficient, transparent, accountable, ethical and timely, and contracts are progressing or have been concluded within budget or that changes on contracts are clearly justifiable. **Implementation Stage:** *Governance* – same as Preparation stage. *Procurement* – Processes and objectives relating to procurement have been and are on track to be met with no major non-compliances or non-conformances, and any procurement related commitments have been or are on track to be met. **Operation Stage:** There are no significant unresolved corporate and external governance issues identified.	**Preparation Stage and Implementation Stage:** *Governance* – There are no unresolved corporate and external governance issues identified. *Procurement* – Opportunities for local suppliers including initiatives for local capacity development have been delivered or are on track to be delivered. **Operation Stage:** There are no unresolved corporate and external governance issues identified.