

## INTEGRITY DUE DILIGENCE DISCLOSURE

1. Electricité du Cambodge (EDC) is a limited liability company wholly owned by the Kingdom of Cambodia through ownership of the Ministry of Mines and Energy (MME) and the Ministry of Economy and Finance.
2. **Material issues flagged as per desk review.** Dr. Chulasa Praing is Deputy Managing Director of Planning and Techniques of EDC and oversees procurement activities of the utility. He will be serving as Project Director for the proposed project with the Asian Development Bank. Together with his father, Ith Praing, Secretary of State of the MME, as well as other family members, he has been the subject of recent adverse news published in Radio Free Asia on 11 March 2020.<sup>1</sup> The article describes that the Praing family has acquired real estate and farmland in Florida and Georgia, United States, currently valued at \$5.5 million, over a period between 1998–2018.
3. Based on the article, together with his father, Ith Praing, the Praings have been involved in Cambodia's energy sector for close to 20 years. Ith Praing, a known trusted and close associate of Cambodia's Prime Minister Hun Sen, was first appointed in MME in 1984. In the early 2000's, Dr. Chulasa Praing joined him in Cambodia's energy sector through the EDC. The article claims that nepotism could be spotted throughout the Cambodian government and that both father and son did not respond to questions on whether Dr. Praing benefitted unfairly from his father's senior position in MME. Anti-corruption advocates have also questioned how the family could have initially purchased 60 acres of farm land in Florida, United States in 1998, which at that time cost them \$779,000, on a public official's salary. While salary figures for Ith Praing during the 1990's are not available, in 2017 the salaries of all Cambodian secretaries of state were increased to \$850 a month. Ith Praing's salary in the 1990's would have been much lower, but had he been making his 2017 salary, the report claims that it would have taken him more than 76 years to earn the purchase price the farmland bought by his children. Since then, from 1998 to 2018, the Praing family have accumulated almost 200 acres of United States farmland, spending at least \$3.57 million in the process. During the same period, they took out mortgages amounting to \$2.38 million spending \$1.2 million of their own money. Sought for comment, the article stated that the Praings did not respond as to how they manage to keep up on repayments on such a large mortgage on a civil servant's salary. Aside from the United States, the family also has property interests in Cambodia. In the early 2000's the family purchased a villa in the upmarket Tuol Kok neighborhood and in 2008 converted a seven-storey tower block behind the villa into 21 luxury apartments.
4. **Latest update.** No further news could be found on that matter.
5. **Actions to be taken.** Updates to the adverse news flagged on Dr. Chulasa Praing and his family members will be monitored by the project team. The project team will also monitor any potential involvement of the Praing family, their known associates or associated businesses/ companies with the project, during project implementation and procurement activities. Procurement arrangements feature strong oversight including prior review, international open competitive bidding, and the use of single-stage-two envelope. The project will support EDC in implementing the project with a focus on procurement and contract management, construction supervision, testing and commissioning, implementation, and project performance monitoring and evaluation. Project implementation consultants will complement existing staff of EDC, thus ensuring a high degree of project implementation efficiency while at the same time strengthening the utilities capacity in ensuring transparency, accountability, and probity. These activities will be

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<sup>1</sup> <https://www.rfa.org/english/news/cambodia/property-florida-03112020134906.html>

complemented by an ongoing technical assistance on Strengthening Capacity for Improved Implementation of Externally Funded Projects in Cambodia.<sup>2</sup>

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<sup>2</sup> ADB. 2017. *Technical Assistance to the Kingdom of Cambodia for Strengthening Capacity for Improved Implementation of Externally Funded Projects in Cambodia (Financed by the Japan Fund for Poverty Reduction)*. Manila