



**MILLENNIUM**  
CHALLENGE ACCOUNT  
**CÔTE D'IVOIRE**  
LABORATOIRE  
D'EXCELLENCE

**ACTION PLAN FOR PREVENTING, DETECTING AND  
REMEDiating FRAUD AND CORRUPTION IN MCA-COTE  
D'IVOIRE COMPACT IMPLEMENTATION**

**5 MAY, 2021**

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## LIST OF ACRONYMS

|        |  |
|--------|--|
| AFC AP | Anti-Fraud and Corruption Action Plan                          |
| ATP    | Abidjan Transport Project                                      |
| BCS    | Bid Challenge System   |
| CDP    | Collège De Proximité ( <i>Rural middle school</i> )            |
| CEO    | Chief Executive Officer  |
| ENS    | Ecole Normale Supérieure ( <i>Teacher Training Institute</i> ) |
| ESP    | Environmental Social Performance                               |
| FA     | Fiscal Agent   |
| FAP    | Fiscal Accountability Plan                                     |
| GIS    | Geographic Information System                                  |
| IE     | Implementing Entities  |
| MCA    | Millennium Challenge Account                                   |
| MCC    | Millennium Challenge Corporation                               |
| OIG    | Office of the Inspector General                                |
| PA     | Procurement Agent  |
| PAP    | People Affected by the Projects                                |
| PIA    | Program Implementation Agreement                               |
| POM    | Procurement Operations Manual                                  |
| PPG    | Program Procurement Guidelines                                 |
| QAM    | Quality Assurance Manual                                       |
| RACI   | Responsible Accountable Consulted Informed                     |
| TVET   | Technical and Vocational Education and Training                |

## 1. INTRODUCTION

The United States of America, acting through the Millennium Challenge Corporation (“MCC”) and the Government of Cote d’Ivoire (the “Government” or “GoCI”) have entered into a Millennium Challenge Compact for Millennium Challenge Account assistance to help facilitate poverty reduction through economic growth in Cote d’Ivoire (the “Compact”) in the amount of approximately US\$ 524.7 million (“MCC Funding”).

The Compact program includes two projects:

- (i) **The Skills for Employability and Productivity Project** (Skills Project) which aims to increase the number of years of education received and improve the acquisition of quality, in-demand basic skills, including reading, math, and soft skills, for lower secondary students and to improve the acquisition of quality, in-demand technical skills and increase job placement rates among graduates of Compact-supported technical and vocational education and training (“TVET”) centers. The Skills Project is comprised of two Activities: (i) the Secondary Education Activity (“**Secondary Education Activity**”) and (ii) the Technical and Vocational Education and Training Activity (“**TVET Activity**”);
- (ii) **The Abidjan Transport Project** (Transport Project) aims to reduce vehicle operating costs and travel times along targeted road segments, while improving overall pedestrian and vehicle mobility and safety. The Abidjan Transport Project comprises two Activities, designed to improve efficiency in the transport of people and goods, increase the integration between transport systems, and improve road safety and pavement surface conditions in Abidjan along the major transport arteries. A fundamental component of this Project is that by Compact-end, the Government’s transport-related agencies will have been trained in and provided the knowledge and experience to maintain, rehabilitate, and improve Côte d’Ivoire’s existing road network utilizing skills and training enabled under the Compact coupled with improved road management and safety databases and planning tools.

## 2. PURPOSE

The purpose of the Anti-Fraud & Corruption Action Plan (AFC AP) is to establish an appropriate framework that defines how the staff and management of MCA-Côte d’Ivoire will join with its Implementing Entities (IEs) towards effective prevention, detection and remediation of fraud and corruption of any description within MCA-Côte d’Ivoire during the implementation of the Compact program.

### 3. SCOPE

The MCA-Côte d'Ivoire's AFC AP is meant to address all stakeholders involved in the implementation of the Compact and includes MCA-Côte d'Ivoire Board and staff, Implementing Entities, as well as MCA-Côte d'Ivoire contractors for works, goods and services.

### 4. MCC POLICIES TARGETED AT FRAUD AND CORRUPTION

In an effort to prevent fraud and corruption during implementation of Compact activities, MCC developed various Policies and Procedures targeted at addressing such instances. Some of these policies are described below:

- Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's Operations (MCC AFC Policy).
- Guidelines for Accountable Entities and Implementing Structures.

#### **Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's Operations (MCC AFC Policy)**

In March 2009, MCC developed a policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC's operation that requires all MCAs to complete a Compact specific Anti-Fraud and Corruption Risk Assessment and to develop and implement a related Action Plan. Research made by MCC revealed that corruption retards economic growth by:

- Increasing costs;
- Lowering productivity;
- Discouraging investment;
- Reducing confidence in public institutions;
- Limiting the development of small and medium sized enterprises;
- Weakening systems of public financial management; and
- Undermining investments in health and education.

Corruption also increases poverty by:

- Slowing economic growth;
- Skewing government expenditure in favour of the rich and well-connected;
- Concentrating public investment in unproductive projects; and
- Promoting a more regressive tax system.

MCC's AFC Policy recognizes six types of fraud and corruption:

- i. **Coercion:** Impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party, to influence improperly the actions of a party in connection with the implementation of any contract supported, in whole or in part, with MCC funding, including such actions taken in connection with a procurement process or the execution of a contract.
- (ii) **Collusion:** A tacit or explicit agreement between two or more parties to engage in a coercive, corrupt, fraudulent, obstructive or prohibited practice, including any such agreement designed to fix, stabilize, or manipulate prices or to otherwise deprive the Accountable Entity of the benefits of free and open competition.
- (iii) **Corruption:** The offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of a public official, Accountable Entity staff, MCC staff, consultants, or employees of other entities engaged in work supported, in whole or in part, with MCC funding, including such work involving taking or reviewing selection decisions, otherwise advancing the selection process or contract execution, or the making of any payment to any third party in connection with or in furtherance of a contract.
- (iv) **Fraud:** Any act or omission, including any misrepresentation, that knowingly or recklessly misleads or attempts to mislead a party in order to obtain a financial or other benefit in connection with the implementation of any contract supported, in whole or in part, with MCC funding, including any act or omission designed to influence (or attempt to influence) a selection process or the execution of a contract, or to avoid (or attempt to avoid) an obligation.
- (v) **Obstruction of investigation** into allegations of fraudulent or corrupt practice: Any act taken in connection with the implementation of any contract supported, in whole or in part, with MCC funding: (a) that results in the deliberate destroying, falsifying, altering or concealing of evidence or making false statement(s) to investigators or any official in order to impede an investigation into allegations of a coercive, collusive, corrupt, fraudulent, or prohibited practice; or (b) that threatens, harasses, or intimidates any party to prevent him or her from either disclosing his or her knowledge of matters relevant to an investigation or from pursuing the investigation; or (c) that is intended to impede the conduct of an inspection and/or the exercise of audit rights of MCC and/or the Office of the Inspector General (OIG) responsible for MCC provided under a compact, threshold program agreement, or related agreements.
- (vi) **Prohibited practice:** Any action that violates Section E (Compliance with Anti-Corruption, Anti-Money Laundering, Terrorist Financing, and Trafficking in Persons Statutes and Other Restrictions) of the Annex of General Provisions that will be made a part of MCC-funded contracts and may be found as part of the Standard Bidding Document templates (there referred to as "Annex A: Additional Provisions") on the MCC website at <http://www.mcc.gov>.

In addition, potential and actual Conflicts of interest should be openly and duly managed, as they can open the door to fraud and corruption.

## **5. ANTI-FRAUD & CORRUPTION ACTION PLAN TO COMBAT FRAUD AND CORRUPTION**

In compliance with MCC policy directives, MCA-Côte d'Ivoire developed this AFC AP to address the highest priority risks listed in the Anti-Fraud and Corruption Risk Assessment Matrix.

The AFC AP will describe both the process and results of the AFC Risk Assessment and provide a detailed pathway for implementing additional measures to mitigate risks identified in the assessment.

The AFC AP complements an array of internal policies adopted by MCA-Côte d'Ivoire, in conjunction with MCC, to assure the orderly operation of the Management Unit. The policies discussed below aim to promote good governance, strengthen internal controls and to deter fraudulent and corrupt schemes in MCA-Côte d'Ivoire operations.

## **6. MCA-COTE D'IVOIRE POLICIES TARGETING FRAUD AND CORRUPTION**

The MCA-Côte d'Ivoire Management Unit was established as a new organisation and apart from the Compact and the Program Implementation Agreement (PIA) governing MCA-Côte d'Ivoire operations; more detailed subject related policies were developed to govern the organisation. Some of these policies are described below:

- Fiscal Accountability Plan;
- Procurement Operations Manual;
- Bid Challenge System;
- Conflict of Interest Policy;
- Human resources manual & Standard Employment Contract;
- Performance Management System;
- Internal audit Charter;
- Independent financial statement audits performed by a public accounting firm;
- Independent Procurement and Fiscal Agents;
- Quality assurance/Quality Control Manual.

## **6.1 Fiscal Accountability Plan**

MCA-Côte d'Ivoire adopted its Fiscal Accountability Plan (FAP) in January 2017 as interim FAP annexed to the Fiscal Agent agreement to serve as a set of financial and administrative policies and procedures undertaken by the Management Unit. To remain relevant to the operational requirements of MCA-Côte d'Ivoire, the FAP was reviewed many times with the 12<sup>th</sup> version approved in November 2020. The FAP was presented to the Board of Directors within its 8<sup>th</sup> meeting held in August 2020. MCA-Côte d'Ivoire regards the FAP as an important management tool and has promoted widespread understanding and knowledge of the FAP amongst all staff. Presentation on specific sections of the FAP was given to all staff. This familiarization of all staff was well received and increased awareness of strong internal controls. This may have acted as a deterrent for corruption.

## **6.2 Procurement Operations Manual (POM)**

MCA-Côte d'Ivoire conducts its procurements in compliance with MCC's Program Procurement Guidelines ("PPG") and with MCA-Côte d'Ivoire's POM. Cardno Emerging Markets USA, Ltd was hired to serve as the MCA-Cote d'Ivoire's Procurement Agent (PA). The POM developed by MCA-Cote d'Ivoire was revised twice. MCA-Côte d'Ivoire also uses Standard Bidding Documents, prepared by MCC, to improve the quality of its procurement efforts. Together, these documents provide:

- Detailed procurement processes and guidelines;
- Clear delegation of staff roles involved in procurement;
- Guidance on treatment of actual and potential conflicts of interest;
- Demarcating the joint approval system between MCC and the MCA-Côte d'Ivoire Board in procurement activities; and
- Promotion of transparency through publication of procurements and contract awards on the MCA-Côte d'Ivoire Website and international procurement sites.

## **6.3 Bid Challenge System**

The Compact requires the Government (including any designee) to ensure that it procures all goods, works and services to implement the compact program in accordance with the MCC PPG. The PPG further requires MCA-Côte d'Ivoire to establish and publish a bid challenge system that provides Bidders on MCA-Côte d'Ivoire procurements with the ability to challenge and seek review of MCA-Côte d'Ivoire procurement actions and decisions. To comply with these requirements, MCA-Côte d'Ivoire has established the rules and procedures set forth in this document, referred to as its Bid Challenge System or BCS, to govern the review of all challenged MCA-Côte d'Ivoire procurement actions and decisions, and which will be incorporated in all solicitation documents distributed to Potential Bidder.

MCA-Côte d'Ivoire's Bid Challenge System can be found at: <https://www.mcacotedivoire.ci/passation-des-marches/systeme-de-recours.html>.



#### **6.4 Conflict of Interest Policy**

MCA-Côte d'Ivoire adopted a policy approved by the Board of Directors in March 2018 to provide for the treatment of conflicts of interest involving staff and board members.

The policy has provided valuable guidance in treatment of *ad hoc* situations of conflicting interests emerging during implementation of the compact.

The staff have been trained and new entrants are also trained on the contents of the policy and the procedure for declaration of interests. Regular training sessions will be held on an annual basis until the end of the Compact for the staff.

A training was provided by MCC's Vice President and General Counsel to the Board of Directors whose members are also required to declare any conflicting situations dealt with by the Board of Directors and MCC Resident Country Director for making a relevant ruling.

The staff and Board members were required to complete a conflict of interest statement with declaration on possible conflicting situations. The policy provides that once a staff member declares a conflicting interest, the MCA-Côte d'Ivoire CEO in conjunction with MCC Resident Country Director makes a ruling of whether the conflict can be duly mitigated or is too grave to be mitigated and the situation must be avoided.

Declarations and rulings must be fully documented in a record kept under the control of the MCA General Counsel. The policy is subject to annual revision approved by the Board of Directors.

#### **6.5 Human resources manual and Standard Employment Contract**

MCA-Côte d'Ivoire adopted and developed a Human Resources Manual and Standard Employment Contract to ensure consistency and equity in human resource specific issues, maintaining a conducive and enabling working environment.

Typical ways in which these management tools target or aim to combat fraud and corruption is by providing clear rules regarding:

- Basic conditions of employment to prevent favouritism and nepotism;
- Clear rules on leave and compensation administration;
- Housekeeping rules regarding Telephone costs and Accountability for MCA-Côte d'Ivoire Assets;
- Ethical conduct including guidance on dealing with hawkers, vendors and family members; and
- Acceptance of gifts and favours in the employment situation.

## **6.6 Performance Management System**

In 2020 MCA-Côte d'Ivoire adopted a detailed Performance Management System to manage and incentivize staff performance. It was implemented in coordination with an international firm which provided a relevant tool. Indeed, the main goal of this management tool is to manage performance and incentivize staff, but it is fair to say that the system also delivered some important "fall-outs" from a fraud and corruption perspective, *inter alia*:

- Combating fraudulent and arbitrary practices when rewarding staff performances;
- Incentivizing and rewarding staff in a transparent and predictable manner contributing to a culture of ownership of the Compact; and
- Increased productive use of MCA-Côte d'Ivoire time and resources.

## **6.7 Internal Audit Charter**

MCA-Côte d'Ivoire has developed an Internal Audit Charter that assures the independence of the internal audit function. The Internal Audit function reports to the Audit Committee functionally and to the Chief Executive Officer administratively.

## **6.8 Independent Financial Statement Audits**

MCA-Côte d'Ivoire has engaged a vetted independent auditor to conduct semi-annual then annual audits of the MCA-Côte d'Ivoire Fund Accountability Statements in accordance with the Accountable Entities Guidelines for Contracted Financial Audits ("MCC Audit Guidelines").

Audit reports are reviewed by MCA-Côte d'Ivoire and MCC and subject MCC's non-objection. Audit reports are furthermore reviewed by the Audit Committee that issue a specific report to the Board of Directors.

## **6.9 Independent Procurement and Fiscal Agents**

MCA-Côte d'Ivoire works with independent Procurement and Fiscal Agents that provide support with regard to procurements and fiscal accountability, and provide checks with regard to compliance with policies and procedures regarding procurements and financial management. The Fiscal Agent has sole signature authority on the MCA-Côte d'Ivoire's Permitted (Bank) Accounts as part of a bank agreement and the sole authority to authorize payments/disbursements through MCC's Common Payment System, following required reviews performed by MCA management per the delegation matrix annexed to the FAP.

## 6.10 Quality Assurance Manual

The quality assurance manual (QAM) defines the organizational arrangements, responsibilities, processes and activities necessary for the implementation of the two (02) Projects of the Compact Côte d'Ivoire program in order to guarantee and ensure an excellent level of quality, activities and deliverables. It targets the activities making up the projects described in appendices 2 and 3. It is on the one hand a response to a requirement of the Compact, specifically in appendix I, Section (B) (2) (h) of the Compact, and on the other hand, at the will of the general management of MCA-Côte d'Ivoire.

It applies to the different phases (planning, engineering and execution) of ATP and SKILLS projects as well as to MCA-Côte d'Ivoire support activities. It also describes the responsibilities and relationships between the various entities external to MCA-Côte d'Ivoire involved in the implementation of the projects.

The scope of application is the city of Abidjan, mainly the workshop, MCA-Côte d'Ivoire headquarters and the different areas where project activities will take place (Gbêkê and San Pédro regions).

## 7. MCA-COTE D'IVOIRE METHODOLOGY FOR AFC ACTION PLAN

The methodology used in developing the AFC Action Plan towards effective prevention, detection and remediation of fraud and corruption of any description within MCA-Côte d'Ivoire involved the following:

- AFC training provided from September 30 to October 22, 2020 to MCA-Côte d'Ivoire staff and stakeholder representatives, by MCC's AFC team and the OIG ;
- Establishment of MCA-Côte d'Ivoire/MCC core team and joint working group on Fraud and Corruption;
- MCA-Côte d'Ivoire working group sessions for developing draft AFC Risk assessment matrix;
- Development by MCC of MCA-Côte d'Ivoire related draft AFC Risk assessment matrix;
- Virtual AFC Workshops held in February and March 2021 with participation of MCA-Côte d'Ivoire and MCC staff to discuss the draft AFC Risk Assessment Matrix;
- Development of a combined AFC register in March 2021;
- **Envisioned MCC field study to MCA-Côte d'Ivoire was not carried out due to the COVID 19 pandemic;**
- Development of MCA-Côte d'Ivoire AFC AP.

The process is described in more detail in Annex A.

## 8. MCA-COTE D'IVOIRE AFC ACTION PLAN

After careful deliberation of the AFC risk assessment matrix, the MCC/MCA-Côte d'Ivoire Joint Working Group was in agreement that the fraud and corruption risk in most areas of the MCA-Côte d'Ivoire Compact Implementation is duly mitigated. Mitigating actions and policies require constant diligence in order to avoid complacency and increasing the risk of fraud and corruption. Accordingly, the Joint Working Group agreed that the MCA-Côte d'Ivoire AFC Action Plan would focus on the risks rated with a high likelihood and/or high impact risk. Such risks are concentrated in Procurement, Infrastructure Works Construction, Grant management, and Contract management. The risks are further detailed in the table below.

### 8.1 Collusion amongst Contractors and Supervising engineer

|                                 |  |
|---------------------------------|--|
| Sector Risk                     | Infrastructure   |
| Description of Risk             | Collusion between contractors for work and supervising engineers to (i) validate work that does not meet quality specifications and (ii) validate work that could lead to over budget  |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Control by an independent supervisory engineer</li> <li>• Very hands-on role by MCA in identifying nonconformities and insistence that the supervising engineers send the correction notice</li> <li>• Unannounced site control visits by MCA-Côte d'Ivoire teams in charge of infrastructure</li> <li>• Unannounced check-up visits by MCC's independent engineers</li> <li>• Joint review of reports/deliverables</li> <li>• Implementation of MCA-Côte d'Ivoire change control procedure</li> <li>• Posting of anti-corruption notices on construction sites to inform the public of relevant contact details to report suspicious activity on construction sites.</li> <li>• Scrupulous implementation of contractual provisions, particularly those relating to the document approval circuit.</li> <li>• Scrupulous implementation of FIDIC Rules for large work contracts by the various actors</li> </ul> |
| Timing                          | Over the duration of works   |
| Additional Cost (if any)        | Negligible   |
| Staff Member/Office Responsible | Projects Executive Directors   |

## 8.2 Diversion of materials and equipment

|                                 |  |
|---------------------------------|--|
| Sector Risk                     | Infrastructure   |
| Description of Risk             | Private diversion of materials and equipment for work and activities carried out as part of the projects.<br>Example: pavement asphalt for the ATP project, gravel and cement during the construction of CDP, ENS and TVET antennas and/or equipment for these entities.   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Raising awareness of supervising and control offices on AFC Policy</li> <li>• Asking the supervising engineers (SE) to propose a plan specifically for monitoring this and then MCA must actively work with the SE - show an active interest in this plan and a willingness to take decisive action</li> <li>• Unannounced monitoring of production-to-application routes</li> <li>• Establishing a correlation between the quantities manufactured and those implemented</li> <li>• Posting of anti-corruption notices on construction sites to inform the public of relevant contact detail to report suspicious activity on construction sites.</li> </ul> |
| Timing                          | Over the duration of works   |
| Additional Cost (if any)        | Negligible   |
| Staff Member/Office Responsible | Projects Executive Directors   |

## 8.3 Fraudulent practices of evaluation panel members

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Procurement   |
| Description of Risk             | Fraudulent practices of panel members due to conflict of interest or influence  |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Training panel members on the MCA-Côte d'Ivoire conflict of interest policy</li> <li>• Requirement for panel members to sign a statement disclosing possible conflicts of interest</li> <li>• Excluding staff and other panel members who report a possible conflict of interest that would impact their ability to perform their roles impartially</li> <li>• Definition of clear evaluation criteria and obligation to justify ratings</li> <li>• Evaluation panel composition with multiple members from different entities and independent panel members from outside MCA.</li> <li>• Non-disclosure of the list of panel members involved in the various processes</li> </ul> |
| Timing                          | Each evaluation process   |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Procurement Director/Procurement Agent  |

#### 8.4 Fraudulent management of grants

|                                 |  |
|---------------------------------|--|
| Sector Risk                     | Grant Management   |
| Description of Risk             | Fraudulent management of grants, particularly in procurement processes, fixed-grant and reimbursable-cost payments made by grant recipients.   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Establishing a grant agreement with adequate provisions</li> <li>• Review and integration of MCC Leverage Grant Facility guidelines on grant supervision</li> <li>• Proactive awareness and training of recipients on the MCC/MCA AFC policy and MCA/MCC grant rules and regulations</li> <li>• Non-objections from MCA on purchases in accordance with the grant manual as well as on changes to contracts (e.g., advance payment requests that require contract amendments)</li> <li>• Supervision, including site visits and document sampling, by the grant manager and MCA staff</li> <li>• Establishing thresholds - either in terms of the amount or in terms of the recipient's capacity, where MCA makes purchases on behalf of the recipient</li> <li>• Precise definition of the grant manager's liability for reviewing recipient purchases below the threshold and a one-time verification of deliverables and documentation by grant recipients</li> <li>• Audit of the implementation of grant management provisions.</li> </ul> |
| Timing                          | The duration of the grant availability   |
| Additional Cost (if any)        | Negligible   |
| Staff Member/Office Responsible | Directeur TVET/Grant Facility Manager  |

#### 8.5 Providing misleading information/falsified documents during procurement processes

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Procurement   |
| Description of Risk             | Providing misleading information/falsified documents during procurement processes   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Implementation of the PPG provisions</li> <li>• Review of evaluation criteria by independent engineers</li> <li>• Panel composition incorporating the required multi-sector expertise that is not subject to conflicts of interest</li> <li>• Introducing verification process for references provided by bidders for key documents (past performance records, bank securities, etc.)</li> <li>• Implementation of due diligence for certain types of contracts</li> </ul> |
| Timing                          | For each procurement process  |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Procurement Director/Procurement Agent  |

**8.6 Corruption of contract managers for the validation of deliverables**

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Contract management   |
| Description of Risk             | Bribery of contract managers to validate deliverables that do not meet specified requirements   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Training of contract managers in contract management (IPM/MCC training, in-house training by the PA.)</li> <li>• Training/awareness of contract managers in AFC policy and conflicts of interest</li> <li>• Multi-level deliverables review procedure according to the RACI matrix established for the contract</li> <li>• Awareness of consultants of AFC provisions in contracts during the negotiation and contract signing phases</li> <li>• Signing a declaration of confidentiality and conflicts of interest by contract managers</li> <li>• Independent experts reviewing the results contained in deliverables before any validation</li> </ul> |
| Timing                          | As part of each contract and over the Compact   |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Contract managers   |

**8.7 Fraudulent compensation management for people affected by the Projects**

|                       |  |
|-----------------------|--|
| Sector Risk           | Managing compensation to People Affected by the Projects (PAP)   |
| Description of Risk   | Fraudulent management of compensations for fraudulent declarations, provision of falsified documents or influence of Committee members, officials or intermediaries, for the benefit of undue compensation or bribes   |
| Factors in Mitigation | <ul style="list-style-type: none"> <li>• Adequate documentation on the eligibility of PAP and dissemination</li> <li>• Transparent definition of pay rates with PAP participation</li> <li>• Proper documentation process for PAP management, including MCA compliance checks that resettlement consultants or other MCA staff charged with verifying PAP documentation can produce the required documentation that they have claimed exists for each PAP prior to payment</li> <li>• Raising awareness of the grievance process</li> <li>• Awareness of PAP about the ability to report fraud or corruption practices</li> <li>• Unannounced "one-off checks" of PAPs and their assets,</li> <li>• Adequate documentation including photographic and video documentation of assets held</li> <li>• Establishing and maintaining a high-quality database that includes information related to the Geographic Information System (GIS)</li> </ul> |

|                                 |  |
|---------------------------------|--|
|                                 | <ul style="list-style-type: none"> <li>• Payments made on the basis of required documentation by the Independent fiscal agent</li> </ul> |
| Timing                          | Implementation period for the Resettlement Action Plan   |
| Additional Cost (if any)        | Moderate   |
| Staff Member/Office Responsible | ESP Directors  |

### 8.8 Abuse in the implementation of sole source procurement processes

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Procurement   |
| Description of Risk             | Abuse in the implementation of sole source procurement processes  |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Implementation of the PPG and POM guidelines that provide for the execution of sole source (nature of operations, responsibilities, threshold of approval ...)</li> <li>• Periodic review of the threshold for the procurement of sole source processes under control of the Procurement Director without validation from the Management, the Board of directors and MCC</li> <li>• Post-audit checks of transactions below the threshold by Internal Audit or MCC procurement Director</li> </ul> |
| Timing                          | All sole source operations  |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Executive Director Finance Procurement and Administration   |

### 8.9 Breaking the confidentiality of the procurement plan

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Procurement   |
| Description of Risk             | Breaking the confidentiality of the procurement plan in favour of potential bidders   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Implementing PPG guidelines, MCC's AFC Policy, the MCA's Privacy and Conflict of Interest Policy</li> <li>• Training/awareness of staff and consultants on these policies</li> <li>• Limiting access to the procurement plan</li> <li>• Publish for certain procurements the estimated budget in the bidding document</li> </ul> |
| Timing                          | Over the Compact  |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Executive Director Finance Procurement and Administration   |



### 8.10 Fraudulent Practices in community mobilization operations

|                                 |  |
|---------------------------------|--|
| Sector Risk                     | Community mobilization   |
| Description of Risk             | Fraudulent practices in community mobilization operations, including:<br>- validation of the deliverables of technical assistance<br>- the justification for the activity of consultants<br>- the quality of the content of the deliverables   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Raising awareness among consultants and community mobilization officers about the MCC's AFC policy and the AFC clauses in their contracts</li> <li>• Signing a declaration of confidentiality and conflicts of interest by consultants</li> <li>• Establishing agreements with enforcement implementing entities</li> </ul> |
| Timing                          | Duration of the mobilization process   |
| Additional Cost (if any)        | Negligible   |
| Staff Member/Office Responsible | Executive Director – Skills Project  |

### 8.11 Payments made on the basis of fraudulent invoices

|                                 |  |
|---------------------------------|--|
| Sector Risk                     | Paying invoices  |
| Description of Risk             | Payments made on the basis of fraudulent invoices, not from the suppliers/providers involved or which do not correspond to the services performed  |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Implementation of FAP provisions, cost principles and Contracts that could provide for acceptable forms of/proof of payment and invoices with certain requirements</li> <li>• Reference check by the fiscal agent in databases for the identification of blacklisted consultants/providers</li> <li>• Investigation by MCA or FA in case of doubt or suspicion of fraudulent invoices</li> <li>• AFC provisions built into consultant/supplier contracts</li> <li>• Review carried out within the Administration and finance division and by the fiscal agent</li> <li>• Clearly defining the responsibility for providing sufficient supporting documentation for invoices, and then rejecting invoices for payment that do not comply.</li> </ul> |
| Timing                          | All payments over the Compact  |
| Additional Cost (if any)        | Negligible   |
| Staff Member/Office Responsible | Finance Manager / Fiscal Agent   |

### 8.12 Pressure from the authorities in the implementation of the Programme

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Implementing the programme  |
| Description of Risk             | Pressure on staff, management or the Board of Directors by a political/administrative authority to make choices or perform actions that do not comply with the Compact's requirements   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Raising awareness among staff, administrative authorities and Board members to systematically disclose pressures under MCC's AFC policy</li> <li>• Independent character of the MCA entity</li> <li>• Procedures involving several players (MCA, PA, FA...) in the decision-making process</li> <li>• Non-Government Board members whose vote may invalidate decision-making by the Board</li> </ul> |
| Timing                          | Over the Compact  |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Chief executive officer   |

### 8.13 Collusion between a project manager and potential bidders

|                                 |   |
|---------------------------------|---|
| Sector Risk                     | Procurement   |
| Description of Risk             | Collusion between a project manager and potential bidder to skew the Terms of References to favor that bidder   |
| Factors in Mitigation           | <ul style="list-style-type: none"> <li>• Implementation of Conflict of Interest Policy mandating disclosure of conflicts of interest by all MCA staff</li> <li>• Signing up confidentiality statement by the staff</li> <li>• Strict adherence to the provisions of the Program Procurement Guidelines and the Procurement Operations Manual including standard bidding documents and the right for bidders to ask for any clarification of which the Terms of reference</li> <li>• Review of the Terms of References by many stakeholders (Some MCA staff among the Project and other Divisions, Procurement Agent, Individual consultant and MCC if required).</li> </ul> |
| Timing                          | As part of each procurement process over the Compact  |
| Additional Cost (if any)        | Negligible  |
| Staff Member/Office Responsible | Procurement Director / Procurement Agent  |

## **9. ROLE OF MCA-COTE D'IVOIRE BOARD AND MCC**

The AFC AP shall be submitted to the MCA-Côte d'Ivoire Board of Directors for information and to MCC for approval.

The Risks recorded in the AFC Action Plan shall be reported on a semi-annual basis to the Board of Directors in information session to provide feedback on implementation of mitigation measures.

## **10. REVISION AND MONITORING**

MCA-Côte d'Ivoire management shall at semi-annual intervals (or upon significant changes to the AFC context) update the AFC AP, before Board meetings.

An AFC Action Plan progress report shall be posted semi-annually on MCA-Côte d'Ivoire's website after approval by MCC.

Effective risk management requires flexible, responsive, continuous learning of best practices and skills. Lessons learned will contribute to refined oversight strategy in relation to the AFC Action Plan. With this commitment in mind, MCA-Côte d'Ivoire AFC risk assessment matrix and this Action Plan will be revised and improved regularly during their implementation.

The revisions will include different actions, depending the scope and purpose– and any include :

- eliminating some risks and mitigants and amending/adding new ones;
- adopting new actions, which will facilitate prevention, detection, or remediation of fraud and corruptions;
- improving the system for responding to fraud and corruption;
- improving the system for prompt and proportional remediation;
- other actions.

Revisions to the AFC Action Plan may also be initiated by MCA management, MCA Project Directors, MCA Board, MCC technical staff, and/or MCC Resident Country Director as needed. MCA-Côte d'Ivoire will prepare the final draft for the Board's information and MCC's final approval. The final versions of revised AFC Action Plan will be made available on the MCA-Côte d'Ivoire website.

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## **Annex A: MCA-Côte d'Ivoire Methodology for Developing the AFC Action Plan**

### **Organization-wide Anti-Fraud and Corruption Training**

Seven virtual training sessions on fraud and corruption took place in September and October 2020 with objective to create awareness amongst all staff members regardless of status and designation in MCA-Côte d'Ivoire. The training covered fraud and corruption risks related to Compact Start-up (Project design/Beneficiary selection), Compact Implementation (Procurement, Contract Management, Financial/Administrative Management) and Compact Closeout. The participants were presented with case studies to expose them to real life occurrences of fraud and corruption related to their specific daily tasks. They also discussed measures which might be taken to reduce the risk and occurrence of fraud and corruption, and the standard mitigants that have been developed by MCC.

### **Joint MCC/MCA-Côte d'Ivoire Working Group on Anti-Fraud and Corruption**

In February 2021, a joint MCC and MCA-Côte d'Ivoire working group was formed to develop and review the Anti-Fraud and Corruption risk assessment matrix. The working group consisted of a core team that worked with MCC and MCA technical directors and staff as necessary.

#### **The Core Team**

- MCA-Côte d'Ivoire General Counsel
- MCA-Côte d'Ivoire Internal Audit Director
- Rick Messick (Senior AFC Advisor, MCC)
- Chris Williams (Senior Director on AFC, MCC)

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### **Development of Anti-Fraud and Corruption Risk Assessment Matrix**

It was agreed that MCA-Côte d'Ivoire would draft sector-based AFC risk matrices with close involvement of the MCA-Côte d'Ivoire technical staff. The sector matrices were developed by MCA-Côte d'Ivoire Directors after an internal discussion on methodology and development of a template for the AFC risk assessment matrix. The draft matrix identified possible activities of fraud and corruption that may occur in the MCA-Côte d'Ivoire Compact per sector, showing the impact and likelihood of the risks on the Compact. It also proposed the appropriate mitigation measures to prevent or limit the impact and likelihood of these risks.

MCC Directors and staff independently developed their own version of the AFC risk assessment matrix to encourage creative and wide-ranging consideration of the context relevant to the specific Compact program as well as their professional experience.

In March 2021, the consolidated draft AFC risk assessment matrices were shared between MCA-Côte d'Ivoire and MCC, and then reviewed by the Joint Working Group with the relevant MCA and MCC staff in subsequent AFC workshop sessions via teleconference. The matrix was then updated to reflect the discussions and input from representatives of MCC's AFC Team.